

## MBHASHE LOCAL MUNICIPALITY



AUDITED ANNUAL REPORT 2018-2019

## TABLE OF CONTENTS

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY	8
COMPONENT A: MAYOR’S FOREWORD.....	.8
COMPONENT A: EXECUTIVE SUMMARY	12
1.1. MUNICIPAL MANAGER’S OVERVIEW <b>Bookmark not defined.</b>	<b>Error!</b>
1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW <b>Bookmark not defined.</b>	<b>Error!</b>
1.3. SERVICE DELIVERY OVERVIEW <b>Bookmark not defined.</b>	<b>Error!</b>
1.4. FINANCIAL HEALTH OVERVIEW <b>Bookmark not defined.</b>	<b>Error!</b>
1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW <b>Bookmark not defined.</b>	<b>Error!</b>
1.6 AUDITOR GENERAL REPORT	255
CHAPTER 2 – GOVERNANCE	27
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE 27	<b>Error! Bookmark not defined.</b>
2.1 POLITICAL GOVERNANCE <b>Bookmark not defined.</b>	<b>Error!</b>
2.2 ADMINISTRATIVE GOVERNANCE	30
COMPONENT B: INTERGOVERNMENTAL RELATIONS	32
2.3 INTERGOVERNMENTAL RELATIONS	32
COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION	33
2.4 PUBLIC MEETINGS <b>Bookmark not defined.</b>	<b>Error!</b>
2.5 IDP PARTICIPATION AND ALIGNMENT	37
COMPONENT D: CORPORATE GOVERNANCE	377
2.6 RISK MANAGEMENT	388
2.7 ANTI-CORRUPTION AND FRAUD	409
2.8 SUPPLY CHAIN MANAGEMENT	409
2.9 BY-LAWS	4241

2.10	WEBSITES	432
2.11	PUBLIC SATISFACTION ON MUNICIPAL SERVICES	442
CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)		444
COMPONENT A: BASIC SERVICES.....		444
3.1.	Water PROVISION	Error!
Bookmark not defined.		
3.2	WASTE WATER (sanitation) PROVISION	Error!
Bookmark not defined.		
3.3	ELECTRICITY	455
3.4	WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING	Error!
Bookmark not defined.		
3.5	HOUSING	5251
3.6	FREE BASIC SERVICES AND INDIGENT SUPPORT	577
COMPONENT B: ROAD TRANSPORT60.....		60
3.7	ROADS	Error!
Bookmark not defined.		
3.8.	TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION	Error!
Bookmark not defined.		
COMPONENT C: PLANNING AND DEVELOPMENT		666
3.9	PLANNING	Error!
Bookmark not defined.		
3.10	LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACE)	71
COMPONENT D: COMMUNITY & SOCIAL SERVICES		783
3.11	LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER	794
3.12	CEMETERIES & CREMATORIALS	805
3.13	CHILD CARE, AGED CARE AND SOCIAL PROGRAMMES	Error!
Bookmark not defined.6		
COMPONENT E: ENVIRONMENTAL PROTECTION		80
3.14	POLLUTION CONTROL	88
Error! Bookmark not defined.		
3.15	BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)	
Error! Bookmark not defined.0		

COMPONENT F: HEALTH	871
3.16 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC.	871
COMPONENT G: SECURITY AND SAFETY	871
3.17 POLICE	872
3.18 other (DISASTER MANAGEMENT, animal licensing and control of public nuisances	893
COMPONENT H: SPORT AND RECREATION	904
3.19 SPORT AND RECREATION	904
COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES	904
3.20 EXECUTIVE AND COUNCIL	904
3.21 FINANCIAL SERVICES	937
3.22 HUMAN RESOURCE SERVICES	98
3.23 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES	1045
3.24 PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES	1101
COMPONENT J: MISCELLANEOUS	1147
COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD	1147
SECTION A1: SERVICE DELIVERY PERFORMANCE FOR 2016/17	1147
A1.1: SUMMARY OF ANNUAL ORGANISATIONAL PERFORMANCE RESULTS	1147
SECTION A1: SERVICE DELIVERY PERFORMANCE FOR 2016/17	1147
A1.1: SUMMARY OF ANNUAL ORGANISATIONAL PERFORMANCE RESULTS	1147
2016/17 ANNUAL PERFORMANCE RESULTS	118
<b>Bookmark not defined.</b> Section 2: Performance of Service Providers during the 2016/17 financial year	<b>Error!</b>
<b>Bookmark not defined.</b>	<b>Error!</b>
CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE	1773
(PERFORMANCE REPORT PART II)	1773
4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES	1773
4.2 TOTALS, TURNOVER AND VACANCIES	1773
4.2.1 POLICIES	1795
4.3 INJURIES, SICKNESS AND SUSPENSIONS	1806
No cases were reported in the year under review	<b>Error!</b>
<b>Bookmark not defined.</b> 6	

4.4	PERFORMANCE REWARDS	18368
	COMPONENT C: CAPACITATING THE MUNICIPAL WORK FORCE	18368
4.5	SKILLS DEVELOPMENT AND TRAINING	1840
	COMPONENT D: MANAGING WORKFORCE EXPENDITURE	1862
4.6	EMPLOYEE EXPENDITURE	1862
	CHAPTER 5 – FINANCIAL PERFORMANCE	1873
	COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE	1873
5.1	STATEMENTS OF FINANCIAL PERFORMANCE	1874
5.2	GRANTS	1905
5.3	ASSET MANAGEMENT	19176
5.4	FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS: T5.4.1-T5.4.9	19277
	The rate of repairs and maintenance has declined due to projected not completed during the year on the maintenance of access roads.	199
	COMPONENT B: SPENDING AGAINST CAPITAL BUDGET	19983
5.5	CAPITAL EXPENDITURE	2004
5.6	SOURCES OF FINANCE	2004
	COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS	2005
5.7	CASH FLOW	2015
5.8	BORROWING AND INVESTMENTS	2015
	COMPONENT D: OTHER FINANCIAL MATTERS	20286
5.9	SUPPLY CHAIN MANAGEMENT	20286
5.10	GRAP COMPLIANCE	20387
	CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS	20387
6.1	AUDITOR GENERAL REPORT YEAR -1 2016/17	Error!
	Bookmark not defined.87	
	AG REPORT ON FINANCIAL PERFORMANCE YEAR-1	Error!
	Bookmark not defined.3	
	Report of the auditor-general to Eastern Cape Provincial Legislature and the council on Mbhashe Local Municipality	Error!
	Bookmark not defined.3	

Report on the audit of the financial statements <b>Bookmark not defined.3</b>	<b>Error!</b>
Opinion <b>Bookmark not defined.3</b>	<b>Error!</b>
Basis for opinion <b>Bookmark not defined.4</b>	<b>Error!</b>
Emphasis of matters <b>Bookmark not defined.4</b>	<b>Error!</b>
Restatement of corresponding figures <b>Bookmark not defined.4</b>	<b>Error!</b>
Irregular expenditure <b>Bookmark not defined.4</b>	<b>Error!</b>
Unauthorised expenditure <b>Bookmark not defined.4</b>	<b>Error!</b>
Fruitless and wasteful expenditure <b>Bookmark not defined.4</b>	<b>Error!</b>
Other matter <b>Bookmark not defined.</b>	<b>Error!</b>
Responsibilities of the accounting officer for the financial statements <b>Bookmark not defined.195</b>	<b>Error!</b>
Auditor-general's responsibilities for the audit of the financial statements <b>Bookmark not defined.195</b>	<b>Error!</b>
Report on the audit of the annual performance report <b>Bookmark not defined.195</b>	<b>Error!</b>
Introduction and scope <b>Bookmark not defined.195</b>	<b>Error!</b>
KPA 2 – Basic service delivery and infrastructure <b>Bookmark not defined.197</b>	<b>Error!</b>
KPA 3: Local economic development <b>Bookmark not defined.198</b>	<b>Error!</b>
Report on audit of compliance with legislation <b>Bookmark not defined.</b>	<b>20Error!</b>
Introduction and scope <b>Bookmark not defined.0</b>	<b>Error!</b>

<b>Procurement and Contract Management</b> <b>Bookmark not defined.0</b>	<b>Error!</b>
<b>Other information</b> <b>Bookmark not defined.08</b>	<b>Error!</b>
<b>Internal control deficiencies</b> <b>Bookmark not defined.8</b>	<b>Error!</b>
<b>GLOSSARY</b>	2208
<b>APPENDICES</b>	22312
<b>APPENDIX A- COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE</b>	22312
APPENDIX B: COMMITTEES AND COMMITTEE PURPOSES	2276
APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE	2298
APPENDIX D: FUNCTIONS OF MUNICIPALITY/ ENTITY	2309
<b>Powers and Functions</b>	2309
<b>APPENDIX E: WARD REPORTING</b>	23523
APPENDIX F: WARD INFORMATION	24423
APPENDIX G: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE	228
APPENDIX H: LONG TERM CONTRACTS & PUBLIC PRIVATE PARTNERSHIP	231
APPENDIX I –MUNICIPAL ENTITY/SERVICE	236

PROVIDER PERFORMANCE SCHEDULE	2566
APPENDIX J – DISCLOSURES OF FINANCIAL INTEREST	2566
APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE	237
ANNEXURE K1: REVENUE COLLECTION PERFORMANCE BY VOTE	26137
ANNEXURE K2: REVENUE COLLECTION PERFORMANCE BY SOURCE	26140
ANNEXURE L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG	240
APPENDIX M: CAPITAL EXPENDITURE- NEW & UPGRADE/ RENEWAL PROGRAMMES	26340
APPENDIX n: CAPITAL PROGRAMM BY PROJECT YEAR 0	26341
APPENDIX O: CAPITAL PROGRAMM BY PROJECT BY WARD YEAR 0	26342
APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS	265
APPENDIX q: DECLARATION OF LOANS and GRANTS MADE BY THE MUNICIPALITY	26544
APPENDIX R: DECLARATION OF LOANS and GRANTS MADE BY THE MUNICIPALITY	244
APPENDIX S: NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT	245
APPENDIX T: NATIONAL AND PROVINCIAL INDICATORS FOR LOCAL GOVERNMENT	2667



## CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

### 1.1 COMPONENT A: MAYOR’S FOREWORD & EXECUTIVE SUMMARY

# MAYOR’S FOREWORD



**IT IS MY PLEASURE TO PRESENT THE 2018/2019 ANNUAL REPORT OF THE MBHASHE LOCAL MUNICIPALITY.**

#### **STRATEGIC ALIGNMENT TO PROVINCIAL AND GROWTH AND DEVELOPMENT STRATEGY**

In compliance with Section 127 of the MFMA Act no 56 of 2003 and as an expression of commitment to public participation, service delivery, clean accountable government, the council presents this annual report to its stakeholders because when we work together we can do so much more.

People of South Africa fought very hard for many years at great cost to their lives and freedoms of many of them. The price and the value of freedom cannot be more tangible than in the very municipality in which President Govan Mbeki and Thabo Mbeki was born and educated, where we still breathe the same air with veterans of many struggles rural and urban for a united non-racial non-sexist South Africa that has a better life for all.

All South Africans agree that the story of a heroic struggle will show its full worth in the improvement of the quality of life of the poorest of the poor, one tap at a time, one road at a time, one food garden at a time, one school, clinic, one kilowatt of electricity at a time, one business opportunity, job or grant at a time. The coal face of this service delivery is the municipalities, of which Mbhashe one of the local municipalities of the Amathole District Municipality who is trying all its best to make sure that the lives of the poorest are improved.

#### **CORRECTIVE ACTIONS TAKEN TO ENSURE THAT STRATEGIC OBJECTIVES AS STIPULATED IN THE IDP WERE ACHIEVED**

The year 2018/19 has been a challenging year. Mbhashe Municipality has had to contend with significant service delivery pressures, and a series of disasters that includes the devastating fires in the whole Municipality and more recently the Ward 04 and Ward 25 family fire which costed many lives from one family. Despite these challenges and significant financial constraints, Mbhashe

Municipality has persevered, focusing on service transformation strategies that enhance the effectiveness and efficiency of service delivery provision in the area, to improve the status of its citizens. We have intensified our drive to mitigate against service pressures, and strengthen the service delivery platform.

Throughout the financial year councilors, municipal officials, traditional leaders, municipality's stakeholders and communities in general have been seized with the complex task of rolling out that service delivery plan and communities in general have been seized with the complex task of rolling out that service delivery plan and conducting ongoing reviews. In year monitoring of quarterly progress against target has been happening.

Many service delivery milestones have been achieved, many challenges have been met, none of which are beyond resolution, synergies have been increased, and frictions have happened. Mbhashe has been shown again and again to be a strategic Municipal Area in the district.

#### **METHODS USED/IMPLEMENTED TO IMPROVE PUBLIC PARTICIPATION AND ACCOUNTABILITY**

In all the work of the financial year under review we were guided by policies, IDP, the bylaws, the laws, and the constitution. Most importantly the financial resources which fuel the activities of the municipality were in accordance with the Municipal Finance Management Act.

In terms of the above act, council after considering the attached report and the reports of the Auditor General, presents the Annual Report for the financial year 2018-19 to its stakeholders as an act of accountability, an act of compliance and act of inviting you further to journey with us in delivering services, ensuring public participation, ensuring accountable clean caring government.

Mbhashe's investment, over time, in key institutional achievements in terms of leadership and governance, service delivery models, infrastructure and information systems, has been central to our current successes. These successes include but are not limited to, the provision of 15KM of Roads and Storm Water (wards 31,03 and 27) that are of a good quality, safe & trafficable as per applicable standards and a total of 300 KM maintained roads with Community Halls (Ward 18 and 32) , one sport facility in (ward 2 and 25) on construction stages. Let's further make a round of uproars to the 1640m<sup>2</sup> of paving that has already been done. The completion of community halls (Ward 24 and 15) and animal pound (ward 01) was another milestone we are proud of.

I would like to commend the Municipality for achieving close to half coverage of the basic system across Mbhashe. We are particularly proud of a total number 1000 households connected with non-

grid through DOE in addition to previously installed 6610 household, moreover INEP 624 households were connected grid connections which contributes significantly to electrification improvement. The facilitation for the construction of 2000 houses in Xhorha rural and about 753 in Dutywa Township in the 2017/18 financial year reduced the and consequently improves patient experience.

A universal access with regard to waste management services has been achieved in the year under review. All our landfill sites are licensed.

Another area where the Municipality has proactively enhanced public value, is in the public private partnerships space. The last year has seen rapid expansion in partnerships, which has improved service delivery services to the population. It is a space in which we hope to see further advancement as it has huge potential to further develop the accessibility of service delivery in the area.

The major issue according to the IDP is the poor levels of infrastructure, poverty and general under-development, which manifest itself through poverty and unemployment. It is therefore common cause that there is a major focus on Local Economic Development, infrastructure development, particularly access roads and community facilities.

In terms of the Local Economic Development, the strategic focus areas are Agriculture, Tourism, Small Medium and Micro Enterprise support, Forestry and Mining.

It has been indicated from time to time that tourism is one of the major economic drivers in the area of Mbhashe, hence also the focus on tourism. Mbhashe has had its heritage affirmed by many national leaders and external stakeholders. We have enjoyed many high level visits, and has sometimes leveraged these and at other times has lost opportunities.

Small enterprises were trained on Supply Chain Management process; some SMME's on export opportunities; business management; mentorship programs; and caterers were trained in food handling and hygiene.

The Service Delivery and Budget Implementation Plan (SDBIP) set priorities for the financial year under review; it also set revenue and expenditure targets for the period under review.

Priorities were set in terms of what was identified as key issues in the Integrated Development Plan. As envisaged in the SDBIP, the priorities that were agreed on were also budgeted for the budget

that was duly adopted by the Municipality. We are particularly proud of the unqualified audit for the last 03 years.

During the year under review, the municipality spent 100% of the allocated INEP grant which was reduced after re-gazetting. During the year under review we managed to spend the total infrastructure budget for the creation of new infrastructure. It is a concern that has to be dealt with in the following year. However, the expenditure on MIG was 100%.

#### **STATEMENT OF CORRECTIVE ACTIONS WHEREBY SERVICE DELIVERY CAN BE IMPROVED**

It is however important to indicate that the Supply Chain Management processes have to be better managed. There has been a general improved financial management during the year.

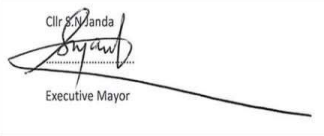
As the Municipality clearly depends on grants, we have to think of better ways of improving revenue. The revenue base is small but we have to maximize collection from the very small base. We will develop a revenue enhancement strategy so as to consider other streams of revenue and collect better from the existing revenue base.

We have made great strides with the road map of priorities.

I conclude with a paraphrase the words of Nelson Mandela "I have walked that long road to freedom. I have tried not to falter. I have made missteps along the way. But I have discovered the secret that after climbing a great hill, one only finds that there are many more hills to climb. I have taken a moment here to rest, to steal a view of the glorious vista that surrounds me, to look back on the distance I have come. But I can only rest for a moment, for with freedom come responsibilities, and I dare not linger, for my long walk is not ended. "Nelson Mandela

This is very true for us as we walk the journey of service delivery, public participation accountable caring government. Any victories reflected here still demand that we do not falter, that we do not linger; we realize that there is a long way to go. That working together we can do more, working against each other we can do nothing. There is more that binds us than separating us.

I thank all traditional leaders, Speaker, Councilors, Executive management, Staff and Stakeholders of Mbhashe Municipality for the work they have done in making it possible to report the successes and challenges we report on against the predetermined plan and budget. Working together we can do more.

Clr. S. Janda  
  
Executive Mayor

**SAMKELO JANDA**  
**Executive Mayor, Mbhashe Local Municipality**

## COMPONENT B: MUNICIPAL MANAGER'S OVERVIEW

### 1.2 MUNICIPAL MANAGER'S FOREWORD

This annual report reflects Mphashe Local Municipality strategic focus and provides an overview on performance and Council's financial position for the 2018/2019 financial year. It outlines various programmes managed by the departments of the municipality and how they have performed in achieving set targets, which are in line with the Integrated Development Plan, and Council Budget. We are filled with optimism that the Mphashe Municipality we envisage, as a change agent tasked with a mandate to transform its communities to enable it to fulfil its development mandate, is taking shape. Our meritorious performance of achieving our targets in the year ended 2018/19, resonates well with our mission being a credible and accountable institution to our communities. We have closed this financial year's chapter with a positive note in terms of financial performance, because a reporting year ends on the 30 June and immediately ushers in a new year the very next day, there is hardly day to bask in the glory of what we did last financial year. This is more so because we are in a constant drive to build a people centred local government, whose efficiency directly translates to the improvement of the wellbeing of people dependent on municipal services.

The municipality is planning to close the gap between the current reality and the desired sustainability. Also focusing on spatial transformation, economic growth, good governance and financial sustainability. In implementing the indicators of the municipality there were shortcomings against a strong force of focusing on the positives beyond our success pad, particularly in the preceding year where one of governments profound Batho Pele Principle is to redress. We believe a reparation approach will lead us to a great path as we continue to pursue qualitative results to ensure our outcomes become quality services delivered to our people through all the 32 wards.

The municipality received the unqualified audit opinion with the matters of emphasis that some need to be addressed in the current financial year. As the management of the municipality we developed the action plan that tries to address those issues and most of those matters have been addressed in this year of reporting. The municipality managed to reduce by writing off the irregular expenditure of the previous financial years, the year ended with only irregular expenditure that is recurring. There was generally good performance on projected revenue sources and good progress on billable revenue collection. The municipality have sustained its revenue enhancement strategy that yielded positive results with a high collection rate. A lot of work was done in ensuring that the set targets were achieved. There was a shorter period in filling the vacant positions due to the

end of contracts for two senior managers and by the end of the financial year all senior management positions were filled.

This current year performance is just a demonstration of our infinite capabilities led by a dedicated team from junior to senior level. Together we have taken the baton in line with our outlook and showcased our relevance towards a progressive force of change in our municipality to infinity. The municipality has conducted the risk assessment towards the end of the financial year with high five risk identified as fraud, unstructured land development, litigations, community unrest and inadequate integrated planning. The municipality has intensify the internal controls that will reduce and mitigate all the high risks stated above.

The following strategies were reviewed in the in the 2018/2019 financial year

- Communication strategy
- Integrated community safety plan
- Integrated waste management plan
- Roads maintenance plan

With the continued support of political leadership, Audit committee and our communities we will continue to position municipality as an informed advocate of local government, an agent of change to lift the potential of all our citizens.

Receive my sincere gratitude once again, we put our hands on desk towards a successive clean audit in 2019/2020.

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**Mr. M NAKO**

**MUNICIPAL MANAGER**

## COMPONENT C

### MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

#### INTRODUCTION TO BACKGROUND DATA

#### MUNICIPAL OVERVIEW

Mbhashe Local Municipality (EC 121) is a category B municipality which falls within the Amathole District Municipality (ADM) and consists of 32 wards, 63 Councilors and 12 Traditional leaders after local government elections. The municipality is strategically located in the South Eastern part of the Eastern Cape Province, and is bound by the Qhora River in the south to Mncwasa River in the north along the Indian Ocean.

Mbhashe Local Municipality (MLM) occupies a strategic geographic position within the Amathole District municipality and covers approximately 3200 km<sup>2</sup> in extent (after the last national elections). There are three main urban centres, namely Dutywa, Gatyana (Gatyana) and Xhorha (Xhora). Dutywa is the administrative head centre of the municipality. Mbhashe has earned the name from the beautiful river called Mbhashe which flows from the banks of Ngcobo flowing through Dutywa, Gatyana (Gatyana) and Xhora (Xhorha). Mbhashe is comprised of the three towns of Dutywa, Gatyana and Xhora and numerous rural settlements. The area also boasts the head offices of the AmaXhosa Kingdom at Nqadu Great Place.

The municipality has total population of 254 909 with a household of 60 124 resulting to a household size of 4.24 according to the 2011 Stats SA Census. This indicates that Mbhashe has an increase of population and household by 1 537 (1%) and 6 925 (13%) compared to 2001 Stats SA Census resulting a reduction in household size from 4.76 to 4.24. As per the 2017 Statistics (*Source: IHS Markit Regional eXplorer version 1479*) Mbhashe has been reported as having a total population of 272 000 which is a 0.14% increase as compared to the last statistics data that is available.

Based on the figure above, it can be deduced that the Mbhashe population is largely youthful with about 44% being children (ages 1 -14) of school going ages while another 29% can be regarded as youth falling between ages 15 and 35. A total of 78% of the population of Mbhashe is composed of youth between the ages of 0-34. It is imperative for Mbhashe to prioritize a substantial amount of those programmes that talks to the Youth development. Social Needs and Special Programmes should champion this exercise.

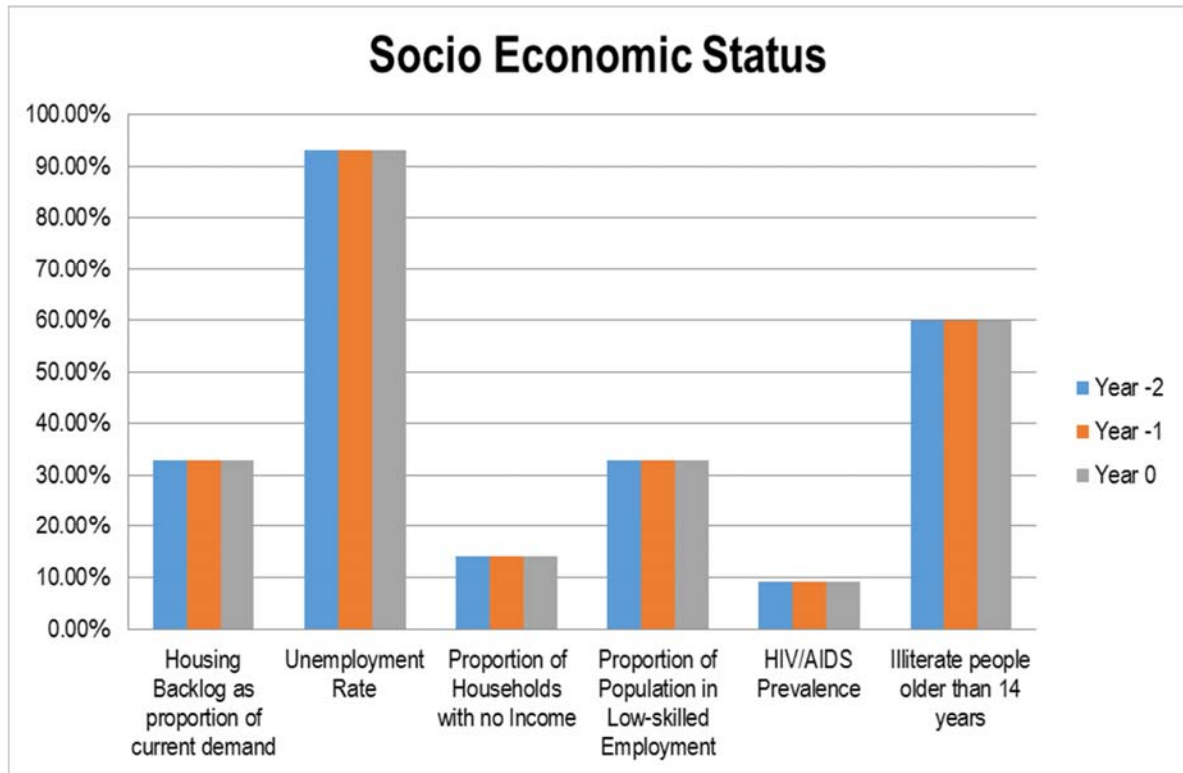
On the gender analysis, it has been established that, by and large, there is a fair balance between the males and females, standing at 55% and 45%, respectively. The majority 98% of local inhabitants are African with the balance shared between formerly classified White, Coloured and Indian people. According to Community Survey 2007 an estimated population of over 95% reside in rural (communal-traditional and village areas) and peri-urban (sprawl and informal settlements) areas. Mbhashe can be regarded as a rural municipality.



Population Details									
Age	Year -2			Year -1			Year 0		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 19	68	64	132	68	64	132	68	64	132
Age: 20 – 29	17	19	36	17	19	36	17	19	36
Age: 30 – 49	15	25	40	15	25	40	15	25	40
Age: 50 – 64	10	16	26	10	16	26	10	16	26
Age: 65+	8	13	21	8	13	21	8	13	21
Source: Statistics SA T 1.2.2									

#### SOCIO-ECONOMIC STATUS

Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
Year -2	33.00%	93.00%	14.00%	33.00%	9.20%	60.01%
Year -1	33.00%	93.00%	14.00%	33.00%	9.20%	60.01%
Year 0	33.00%	93.00%	14.00%	33.00%	9.20%	60.01%
T 1.2.4						



#### OVERVIEW OF POPULATION WITHIN MBHASHE

SETTLEMENT TYPE	HOUSEHOLDS	POPULATION
TOWNS		
Dutywa	1722	11075
Gatyana	1059	2 532
Xhora	639	2 280
Sub-total	3402	15 864
URBAN POPULATION		
Urban	110 70	6.2

RURAL POPULATION		
Rural	239 045	93.8
Sub-total	250 115	100
INFORMAL SETTLEMENTS		
Dutywa (GPO)	222	557
Dutywa (Zone 14)	459	1900
Gatyana (Police camp)	217	590
Agriculture	131	207
EmaBhaceni9	57	103
Sub-total	1086	3357

NATURAL RESOURCES	
Major Natural Resource	Relevance to Community
Arable lands	High quality of soils suitable for crop production and animal farming
Forest assets or existing vast tracts of land for future forestation	Existence of high demand for wood products with longer return on investments
Fisheries and Marine	Proven untapped potential for aqua-culture business

Coastline natural beauty	Undeveloped tourism offerings at coastline can be used to solicit good revenue
Heritage tourism	Heritage tourism can also bring more revenue in community through the established routes as such Phalo routes.
Mining	Many communities in Mbhashe are endowed with mining opportunities such as granite and sand, however these communities are not licenced to mine. Such opportunities need to be explored
<p>COMMENT OF BACKGROUND DATA</p> <p>The primary sector agricultural activities taking place in Mbhashe Municipality is mainly focused on very low base crop production and livestock farming at subsistence can be improved. The sector is underdeveloped and not diversified and had a subdued contribution to both the GDP and the GVA. Small-scale and subsistence farmers in the Municipality are not producing at optimal levels, due to a number of constraining factors. It is, therefore, important that emerging farmers are supported in expanding their farming activities into viable and sustainable enterprises that will not only increase the income generated and jobs created by these activities, but will also grow sufficiently to form the basis of further beneficiation opportunities. The farming activities must also include the aqua-culture farming, forestry and animal farming.</p> <p>The development of the Tourism industry at Mbhashe LM is based on giving people a reason to come, a reason to stop, a reason to stay and a reason to spend. This means that any destination should first comprise a unique and specific asset, that people should be made aware of this asset in order to attract them to the destination, that they should be provided with a range of additional attractions and activities to ensure that they stay in the area for longer, which will then ensure that their money is spent at the location.</p> <p>Thus the municipality's strategic thrust is therefore, aimed at stimulating the development of the Tourism industry in Mbhashe Municipality, by taking full advantage of the unique cultural, coastal, historical and natural assets found in the Municipality. The purpose is therefore to ensure that these tourism attractions and activities are effectively developed and marketed, in order to establish Mbhashe Municipality as a unique and worthwhile tourism destination.</p>	

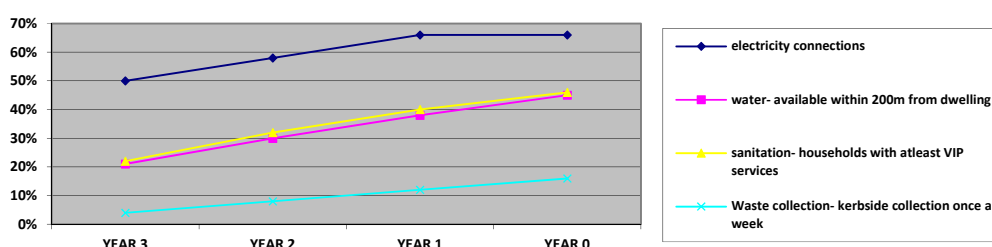
1.3 SERVICE DELIVERY OVERVIEW	
SERVICE DELIVERY INTRODUCTION	
	<p style="text-align: center;"><b>ROADS</b></p> <p>In terms of service delivery, Mbhashe Local Municipality managed to achieve the total number of 24 Key Performance Indicators. In roads the Municipality constructed 15KM of new Roads and maintained 300 KM of gravel roads, and Bridges in Qinqala Ward 17 Xhorha has been completed and Vinindwa Ward 5 Dutywa in construction and expected to be completed in 2019/20 financial year</p> <p>Community facilities: 2 No. of Community Halls have been completed and 2 no of community hall are on construction, two sport facilities in construction stage and an animal pound has been completed.</p> <p>In Electricity the municipality achieved 1000 connections of non- grid in addition to previous years of 6610 and as well as 4200 grid (INCLUDE ESKOM CONNECTION). The municipality has also managed to complete its intended target of 2 Community halls that will be user friendly to the community, and renovated 10 community halls. The municipality also managed to facilitate construction of 2500 houses in Xhorha rural and about 700 in Dutywa Township in the 2016/17 financial year.</p>
	<p>Mbhashe municipality is responsible for providing Waste Management services to its areas of jurisdiction. Waste Management Services is the main municipal service rendered by Mbhashe and as such should receive the requisite attention from the institution.</p> <p>Since the establishment of Mbhashe LM in 2000, this service has generally been provided to urban areas and surrounding townships of Dutywa, Gatyana and Xhorha. As from this financial year the waste management services has been extended to all 32 wards of the municipality through rural waste programme.</p>
	<p style="text-align: center;"><b>WASTE MANAGEMENT</b></p> <p>Mbhashe municipality is responsible for providing Waste Management services to its areas of jurisdiction. Waste Management Services is the main municipal services rendered by Mbhashe and as such should receive the requisite attention from the institution.</p> <p>Since the establishment of Mbhashe LM in 2000, this service has generally been provided to urban areas and surrounding townships of Dutywa, Gatyana and Xhorha. As from 2016/17 financial year the waste management services has been extended to all 32 wards of the municipality through rural waste programme.</p>

According to census 2011 report, Mbhashe is providing the waste management services to only not more than 5% of its households. It also worth noting that the National Waste Management Strategy enjoins all the Municipalities to have achieved waste management coverage by 2016. Mbhashe Local Municipality in responding to NWMS the following was achieved.

- I. 100% of urban households
- II. 100% of rural households
- III. 100% of waste disposal sites have permits

Using the above figures as a measure of success, Mbhashe LM has succeeded in providing waste management services across the municipality.

#### PROPORTION OF HOUSEHOLDS WITH ACCESS TO BASIC SERVICES



#### COMMENT ON ACCESS TO BASIC SERVICES

The Municipality has completed 2 planned Community Halls (ward 24 and 15), currently constructing 2 number of sport facilities, 2 number of community halls (ward 18 and 32), completed one bridge in Qinqana and Vinindwa/Mazizni bridge under construction in Year 0. In terms of waste collection, the municipality is serving all wards including rural areas. Amathole managed to fast track rural sanitation in terms of VIP and providing water supply within 200m from each household, however there is still huge backlog for water. From the above diagram, 100% of the population of Mbhashe has access to the basic waste management services.

### 1.4 FINANCIAL HEALTH OVERVIEW

#### FINANCIAL OVERVIEW

The Mbhashe Local Municipality has experienced financial difficulties due to failure to generate sufficient income to meet operating expenses, debt commitments and maintaining service levels. The budget deficit experienced at the end of 2016/17 financial year has resulted in cash flow challenges which have resulted in delays in payment of service providers. The outstanding creditors at year end were settled in 2017/18 financial year.

Outstanding debt is another concern for the municipality just as it is for all municipalities; therefore one of our main priorities was to focus our financial turnaround on debt collection. To enhance our debt collection processes the municipality utilized the services of a Debt Collector. This has yielded positive results as the municipality has managed to collect 130% on rates revenue of current budget projections by the end of the financial year. It is evident that the municipality has started to recover long outstanding debt by following up on customer queries and stakeholder engagements. However the municipality is still in the sound financial position and can be considered as a going concern, as its current assets exceeded its current liabilities at year end.

Financial Overview: Year 0			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	299 338 000	296 338 000	296 338 000
Taxes, Levies and tariffs	5 513 202	6 513 202	8 457 201
Other	115 279 906	70 704 906	40 798 001
<b>Sub Total</b>	<b>420 131 108</b>	<b>373 556 108</b>	<b>345 593 202</b>
Less: Expenditure	491 141 452	444 566 452	350 842 660
<b>Net Total*</b>	<b>-71 010 344</b>	<b>-71 010 344</b>	<b>-5 249 458</b>

Operating Ratios	
Detail	%
Employee Cost	31%
Repairs & Maintenance	12%
Finance Charges & Impairment	16%

#### COMMENT ON OPERATING RATIOS:

##### Employee Costs

The employee costs are 31% of the total operating budget. This is within the threshold of 25% to 40% guideline set by National Treasury. This allows the municipality to use its budget for other municipal functions. The spending of the personnel was at 99% for the year under review, this was due to alignment of EPWP personnel budget and implementation of stringent controls over additional allowances paid over to employees.

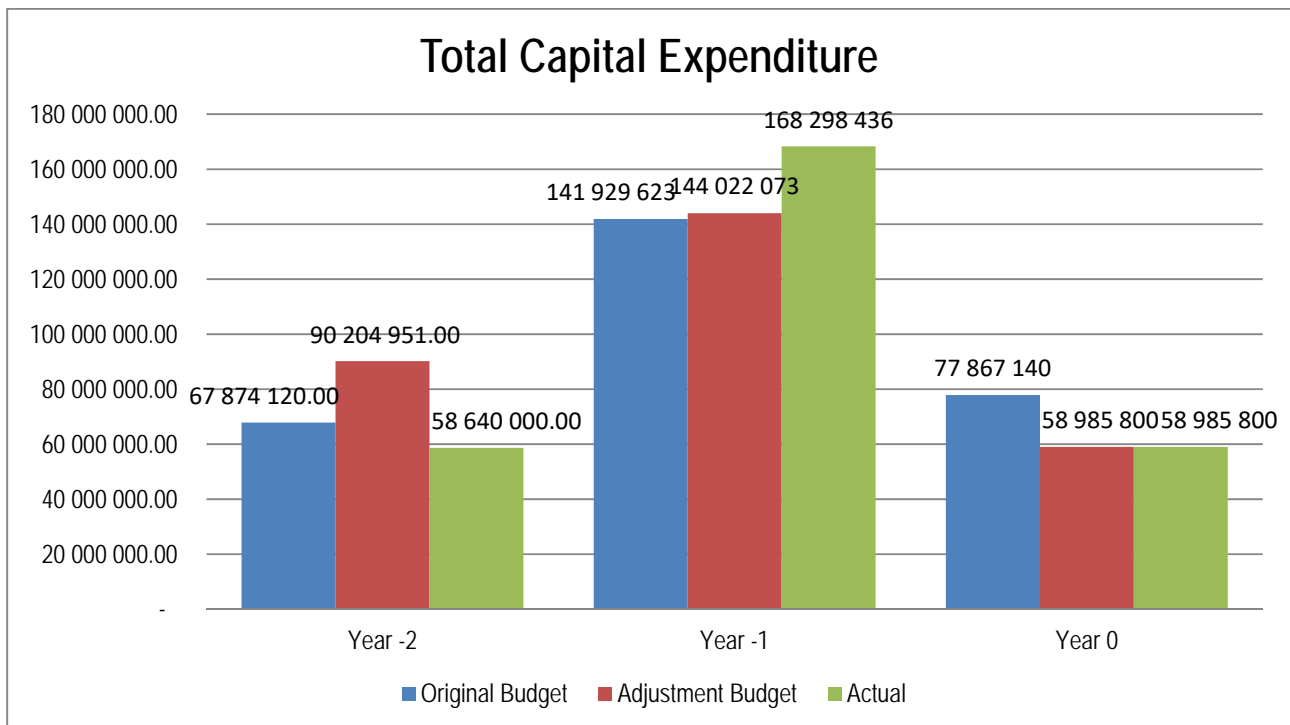
##### Repairs and Maintenance

These costs are at 12% of the total budget. This is above the recommended threshold of 8% of the operating budget. This improvement is due to the municipality having an approved road maintenance plan, which has been quantified and is monitor on an ongoing basis.

#### **Finance Charges**

The non-cash items costs are at 16%. This is due to provision for depreciation and doubtful debt which the municipality is required to budget for annually. The increase is due to additions to assets which have been capitalised in the year under review. These non-cash items are not funded in the budget, this status will have to be addressed in the coming years.

<b>Total Capital Expenditure: Year -2 to Year 0</b>			
			<b>R'000</b>
<b>Detail</b>	<b>Year -2</b>	<b>Year -1</b>	<b>Year 0</b>
Original Budget	141 929 623	158 211 413	77 867 140
Adjustment Budget	144 022 073	148 557 663	58 985 800
Actual	168 298 436	118 020 529	58 985 800





### COMMENT ON CAPITAL EXPENDITURE

The original capital budget for the 2017/2018 amounted to R 77 867 140. During the adjustment budget the capital budget was reduced to R 58 985 800 which is equal to 25% reduction of the original budget with R 58 985 800 actual expenditure

## 1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

### ORGANISATIONAL DEVELOPMENT PERFORMANCE

Mbhashe Local Municipality has embarked on a number of projects and programmes to improve its performance. Its organisational structure is reviewed annually to ensure that it remains relevant to the strategic objectives of the municipality as reflected in the Integrated Development Plan. The municipality has organisational structure which was last reviewed on the May 2019. An organizational structure review will ensure that the municipality continues to deliver on its constitutional mandate and remains aligned with the IDP. The organisational performance at organisational level is managed and evaluated through the Service Delivery and Budget Implementation Plan (SDBIP) top layer, down to the departmental layer through departmental SDBIP. Performance Management has been cascaded down from TG 16 up to TG 10. The National Treasury has identified officials in municipalities who must have the prescribed minimum competency qualifications. This is aimed at ensuring sound financial management in the local government sector. The municipality has a workforce of approximately 282 permanent employees. The municipality has managed to place 33 Interns. All Senior Managerial positions in terms of Section 56 have been filled.

Highlights	Description
169 Job Descriptions developed	101 Job Descriptions evaluated and audited

### 1. CHALLENGES – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Challenge	Actions to address
Delays in submitting job descriptions for evaluation.	Submit duly completed and signed job descriptions for re-evaluation to TASK Evaluation Unit/Committee and TASK Audit Unit/Committee
Non-functioning of Occupational Health & Safety Overhead Committee	Arrange OHS Committee meetings every 3 months and submit to Council
Human Resource Plan not in place	Develop HR Plan and submit

EE Plan last approved by council in December 2018			
<b>1.5.2</b>			
<b>Employees' pension and medical aid</b>			
Information regard to employees' pension fund and medical aid is reflected below:			
<b>Name of the Pension Fund</b>	<b>Number of members</b>	<b>Name of medical aid societies</b>	<b>Number of members</b>
Eastern Cape Group Municipal Pension Fund	82	Bonitas	49
CRF		LA Health	105
MEPF (Akani)	120	Key Health	20
MCPF	5	SAMWU Med	39

## 1.6 AUDITOR GENERAL REPORT

### AUDITOR GENERAL REPORT YEAR 0 (CURRENT YEAR)

The municipality has received an unqualified audit opinion with matters of emphasis in 2017/18 financial year. The emphasis of matters raised by Auditor general relate to:

i. Restatement of corresponding figures in the AFS, ii. Impairment losses and iii. Irregular expenditure amounting to R136 million.

The municipality will start with the development of an audit action plan by the administration that will be submitted to the Council for adoption which will be monitored continuously on a quarterly basis by the all oversight structures of the council. This effort is done to ensure that the municipality maintains the opinion where if possible would strive to improve the outcomes of the Auditor general.

Relevant stakeholders will be consulted on the developed audit action plan so as to track the attainability of actions to address the issues raised

A detailed report will be attached in Chapter 6 of the annual report as required.

## 1.7. STATUTORY ANNUAL REPORT PROCESS

MUNICIPAL ANNUAL REPORT PROCESS ACTION PLAN FOR FY 2018/19				
Nr	Description of activity	Timeframe	Actual Date	Responsible Person/ Department
1	Prepare Annual Report information as per the National Treasury format including the Annual Performance Report	17 June – 01 July 2019		Operations and All Senior Managers
2	Tabling of the draft Annual Report to the Management team	08-Jul-19		Senior Manager Operations
3	Tabling of the Annual Report to Audit Performance Committee	19-Jul-19		MM
4	Tabling of the Annual Report to the Mayoral Committee	6, 7 August 2019		
5	Council to submit un-audited Annual report to MPAC for verifying of councils' directive on service delivery & senior managers (Section 56) performance against signed performance agreements	15-Aug-19		MM
6	Tabling of the un-audited Annual report to Council. The Annual Report submitted complies with the requirements of Section 121(3)(a-k).	21-Aug-19		MM
7	Submission of un-audited Annual Report to Auditor-General including the Annual Financial Statements and Annual Performance Report	28- Aug-19		Mayor
8	Public participation process for Annual Report in terms of Section 130 of MFMA	31-Aug-19		MM
9	Municipality considers AG's report on the audit of the Annual Report and complies with Section 126 (5)	12-Sep-19		MM
10	Convening of the MPAC to consider the Annual Report. This must be concluded within 7 days of receipt of AGs report.	22,23,29 October 2019		MPAC
11	Executive Mayor tables audited Annual Report and financial statements to Council	27 Nov 2019		MM
12	MPAC tables the Oversight report to the Council	30 Nov 19		Municipal Manager

13	Adoption of the Oversight Report by Council in terms of Section 129 of the MFMA	5-Dec-19		MPAC/Speaker's Office
14	Publicizing of the Annual Report for public comments in terms of Section 127 (5) (a) of the MFMA (after adoption by Council)	11 Dec 2019		Mayor
15	Publicizing of the Oversight Report as per Section 21(a) of the Municipal Systems Act and Section 75 of MFMA	11 Dec 2019		MM/Speaker's Office
16	Submission and circulation of the Annual Report, Annual Financial Statements and Oversight Report to Provincial Legislature in terms of Section 132 (1 & 2) of the MFMA	11 Dec 2019		Council

#### COMMENT ON THE ANNUAL REPORT PROCESS:

There has been an improvement in the Annual report process for the year under review. The municipality is currently working on setting up business processes that will ensure that quarterly performance reports culminate into the annual report process.

In addition, an Annual performance report has been developed which also assesses the performance of service providers for the year under review.

The annual report of 2018/19 was compiled in accordance with requirements of section 121 of the MFMA, 56 of 2003 and section 46 of MSA, 32 of 2000 as well as the format prescribed by National Treasury and the purpose of the report is

- to provide feedback on the activities of the municipality
- to provide a report on performance in service delivery and budget implementation for year end
- to promote accountability to the community for the decisions made from July 2017 to June 2018

This Annual Report has been developed according to the provisions of circular 63 of the MFMA which indicates that real transparency and accountability can only be achieved where there is a clear link between the strategic objectives agreed with the community, the IDP, the Budget and SDBIP, in year reports, Annual Financial Statements, Annual Performance Report and the Annual Report.

## CHAPTER 2 – GOVERNANCE

### INTRODUCTION TO GOVERNANCE

Mbhashe Local Municipality is constituted in terms of Section 12 read with Section 18 of the local government Municipal Structures Act no 117 of 1998 and consists of 63 Councilors and 12 Traditional Leaders. The Municipality is categorized as an Executive committee type of a Municipality. The political arm of the municipality includes the Executive Mayor, members of the Mayoral Committee, the Council Speaker and the Council's Chief Whip of the Council.

In its most abstract sense, governance is a theoretical concept referring to the actions and processes by which stable practices and organization arise and persists. These actions and processes may operate in formal and informal organization of any size; and they function for any purpose, good or evil, for profit or loss.

## **COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE**

### **2.1 POLITICAL GOVERNANCE**

#### **INTRODUCTION TO POLITICAL GOVERNANCE**

Political governance in our municipality consists of the set of processes, customs, policies, laws and institution affecting the way people direct, administer or control and organisation. It also includes the relationships amongst the many players involved and the organisational goals.

The principle players include the communities, management and Councillors. Other stakeholders include employees, service providers, customers, businesses, political parties, community organisations and regulators

The Council operates on an Executive Type.

#### **COUNCIL**

##### **POLITICAL STRUCTURE**

##### **1. EXECUTIVE MAYOR: Cllr. Samkelo Nicholas Janda (ANC)**



##### **2. SPEAKER: Cllr. Babalwa Majavu (ANC)**



**3. CHIEF WHIP: Cllr. Mandla Sibingibingi (ANC)**



**4. MPAC CHAIRPERSON: Cllr. Siphiwo David Kalityi (ANC)**



The following Support Committees have been established in terms of Section 80 of the Municipal Structures Act to assist the Executive Mayor:-

**MAYORAL COMMITTEE**

<b>5. Cllr. N Mlandu - No Portfolio</b>	<b>(ANC)</b>
<b>6. Cllr. N Mkhedamo Portfolio Head - SPU</b>	<b>(ANC)</b>
<b>7. Cllr. M. Mbomvu Portfolio Head - Community Services</b>	<b>(ANC)</b>
<b>8. Cllr. M Mcotsho Portfolio Head - Infrastructure Services</b>	<b>(ANC)</b>
<b>9. Cllr. X.O Willie Portfolio Head - Budget and Treasury</b>	<b>(ANC)</b>
<b>10. Cllr. N. Ngomthi Portfolio Head - Corporate Services</b>	<b>(ANC)</b>
<b>11. Cllr. C Genyane Portfolio – Good Governance and Public Participation</b>	<b>(ANC)</b>
<b>12. Cllr. Mantshiyose Portfolio Head – Developmental Planning</b>	<b>(ANC)</b>

Mbhashe Municipality comprises of a total of 63 Councillors of which 32 are Ward Councillors and the other 31 are Proportional Representative (PR) Councillors. The Council also has 12 Traditional leaders. Council continues to operate on an Executive Committee System. Out of 32 wards 30 wards are ANC controlled whilst the 2 wards are controlled by Independent Councillors. As at end of June 2018 the municipality had 62 Councillors due to the passing of one (1) ANC councillor in Ward 29.

## COUNCILLORS

PARTY NAME	NUMBER OF SEATS (Wards + PR)		
	WARD	PR	TOTAL
African National Congress	30	17	47
Congress of the People	0	1	1
United Democratic Movement	0	9	9
Democratic Alliance	0	2	2
Economic Freedom Fighters	0	2	2
Independent Councillors	2	0	2
<b>TOTAL</b>	<b>32</b>	<b>31</b>	<b>63</b>

**Table 2.1.3**

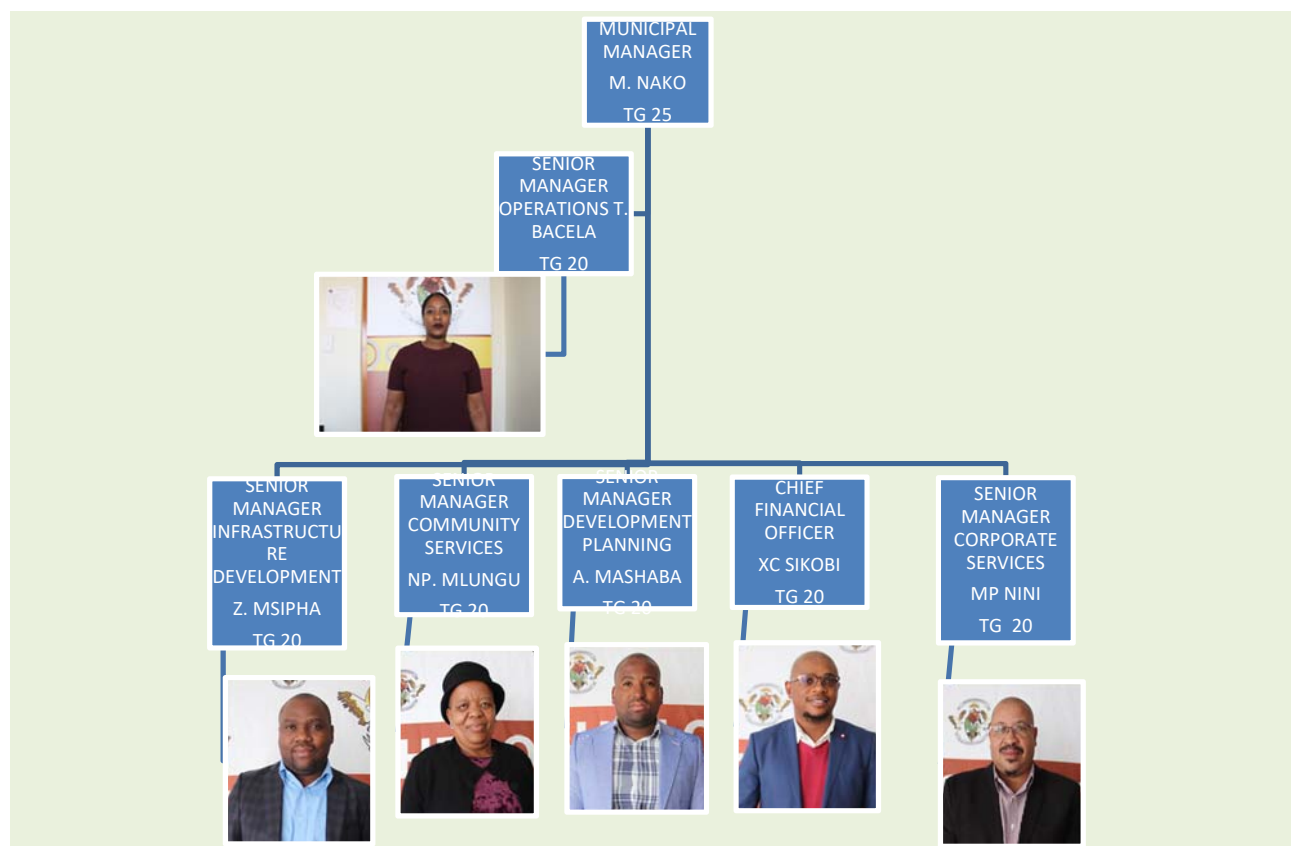
### POLITICAL DECISION TAKING

The municipality has processes that take decisions up to the Council. The items that need decision start from management, standing committees, Mayoral Committee and then to the Council. Each of the Committees deliberate on matters that fall within the specific terms of reference of that particular Committee as stipulated in the delegation framework, who in-turn make recommendations to the Executive Mayor who works with the Mayoral Committee for approval, or where necessary for endorsement by the Mayoral Committee for final approval by the full Council. Any matter that has financial implications has to be discussed by the management before it is recommended by the Executive Mayor and approved by the Council.

## 2.2 ADMINISTRATIVE GOVERNANCE

Municipal Manager is the head of the administration. Senior Manager Development Planning advises Municipal Manager on matters of town planning, housing and Local Economic Development and matters of land use management. Senior Manager Corporate Services advises MM on Human Resource issues, HR management, ICT, document management and facilities, Chief Financial Officer advises the municipal manager on financial management, supply chain management, financial reporting and asset management. Senior Manager Infrastructure advises MM on roads and storm water, electrification. Senior Manager Community Services advises MM on road safety and security services, waste management, free basic services, disaster management and EPWP works program. Senior Manager Operations advises MM on issues of governance, Integrated Development and in the development of all strategic documents and on internal planning issues.

## INTRODUCTION TO ADMINISTRATIVE GOVERNANCE STRUCTURE



The above diagram depicts the Senior management structure of Mbhashe and all posts were filled as at the end of the year 30 June 2019.

The administration is led by the Municipal Manager and 6 Senior Managers that are directly accountable to him

The municipality has 6 departments which are reporting according to the 5 Key Performance Areas of Local Government which are as follows:

- Service Delivery & Infrastructure Development - departments that are contributing are Infrastructure, Community Services and Developmental Planning
- Local Economic Development reporting - Development Planning
- Municipal Financial Viability - Budget and Treasury Office that reports,
- Municipal Transformation & Institutional Development - Corporate Services and



- Good Governance, which is mainly the Municipal Managers Office

Senior Management meets by-monthly on a Mondays and an extended Management meeting is held on the first Monday of every month. These meetings are mainly for planning, reporting and scheduling work.

## **COMPONENT B: INTERGOVERNMENTAL RELATIONS**

### **2.3 INTERGOVERNMENTAL RELATIONS**

#### **INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS:**

Mbhashe Local Municipality remains totally committed to good governance. The organization is structured in such a way that the eight major characteristics required for good governance are enshrined in its operations. This ensures that a municipality is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of the law. The municipality also takes the issue of corruption seriously and is trying to minimize it by strengthening of systems. Through IGR structures the views of minorities are taken into account and the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society, through planning processes that start at community level. Above all, the commitment from the leadership both political and administrative is essential to maintain good governance.

The system that the municipality followed included processes through which the municipality's objectives are set and pursued in the context of social, regulatory, political, technological, economical and market environment. These included mechanisms to monitor the actions, policies and decisions of the municipality and its service providers. These practices then are affected by the attempts to align the interest of all stakeholders, including national and provincial government, district municipality, businesses, non-governmental organization, community based organization and communities.

The municipality participates in the SALGA National Members Assemble which is being held each and every financial year to check the status and progress of the resolutions which were taken during the conference. It also forms part of other structures such as programs and forums of the province i.e. SALGA working groups, EPWP Provincial Steering Committee, Provincial Waste Forum and COGTA EC MIG Forum etc.

The municipality has a functional Intergovernmental Relations forum and has also adopted an IGR cluster approach. Due to non-attendance of members in the IGR Clusters, the Municipality together with SALGA and COGTA have further reviewed the IGR Framework to come up with effective ways of encouraging members to attend the IGR Clusters.

The municipality is participating in the Eastern Cape Provincial Political and Technical MUNIMEC. This platform in our view is a relevant space to engage and unlock challenges facing municipalities in the province.

#### **RELATIONS WITH MUNICIPAL ENTITIES**

The municipality has good relations with Amathole District Development Agency, trading as ASPIRE.

### **DISTRICT INTERGOVERNMENTAL STRUCTURES**

There are forums that were established by the district municipality and Mphashe local municipality participates in the forums of the district municipality such as DIMAFO which is attended by Local Municipality Executive Mayors, Municipal Managers, state owned enterprises and government departments that are within Amathole. This forum assists municipalities to have a common understanding and be able to discuss development issues that affect the district at large. There are other forums at the district level such as support team where all municipalities tend to be part of.

## **COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION**

### **OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION**

The municipality has a relationship with its citizens that can take many forms. In some cases the municipality has a legislative requirement to involve communities in its decision making. A majority of municipal records and reports must also be accessible and available to the public. These reports provide information about the services and activities of the municipality. The municipality has improved on its public participation programmes as there are many community based meetings that were held in the year under review. This is largely due to the detailed representation and understanding by communities on programmes and decision making process in the municipal environment.

## **2.4 PUBLIC MEETINGS**

### **COMMUNICATION, PARTICIPATION AND FORUMS**

Mphashe local municipality has a comprehensive 5 year communication strategy developed in 2017/18 financial year which is reviewed annually. The municipality's website is effective and is updated on a regular bases.

#### **Public Participation and Communication**

Public participation is a principle that is accepted by all spheres of government in South Africa. Participation is one of the cornerstones of our democracy and has equal benefits for politicians, public servants and civil society:

- Consultation will help government make more appropriate decisions based on the real needs of people
- The more informed people are, the better they will understand what government is trying to do and what the budget and resources limitations are
- Public representation can only claim to be accountable if they have regular interactions with the people they represent and if they consult and report back on key government decisions.

Government cannot address all the development needs on its own and partnerships are needed with communities

Imbizo's and public meetings are important methods used for consultation with the public and imbizo's are meant to encourage participation and allows the public from a particular area to interact directly with the executive. Mayoral Committee conducts Imbizos annually to give feedback to communities where government departments are expected to attend,

**Public meeting and report-back meetings**

Public representatives often use public meetings to inform the public issues or consult them around specific development or other programmes. Public meetings are also to report back on government programmes. Public servants maybe asked to participate in these meetings to provide technical support and information and hear the public's views and concerns.

**Ward Councillors**

Ward councillors are the representatives of specific geographic areas and are ideally placed to be the link between the people and the municipality. They should bring people's needs and problems to the municipality and consult and inform the community around municipal services and programmes.

**Ward committees**

Ward committees are from different sectors in communities. Ten members are elected in each ward to assist and advise the ward councillor and increase community participation. They can be very usefully for spreading information, assessing needs, building partnerships, consulting the community and picking up local problems with service delivery.

In the current year, the municipality has Ward Committees in all 32 Mbhashe wards

**Community Development Workers (CDWs)**

Community development workers are deployed by government to work in communities to make sure that people can access government services. They have to give advice, help people with problems, assess needs and work with local organisation to build partnership with government.

They usually know the community well, have good contact with organisational and can help to do consultation, do research, spread information and monitor implementation. CDWs should work closely with ward councillor and ward committees.

However the challenge that is facing the Mbhashe area is that in fourteen (14) wards there are no CDW's due to death or resignation and the Department of Local Government is taking a snail pace in filling the vacant positions since 2010. This also impacts negatively in the implementation of "Operation Masiphathisane" which is in another platform that was created by government to bring services to the people and to enhance participation, and the absence of the CDWs in other ward handicaps this initiative as CDWs are expected to be the secretaries in the war room meetings also known as Operation Masiphathisane.

There is another platform for public participation that is used by the municipality which is called IDP Rep Forums. The municipality also deals with public requests and complaints through a petition system and customer care service where there is a unit within the municipality to deal with the complaints.

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
MPAC ROADSHOWS	2018/11/19	10	06	150	ANNUAL PERFORMANCE	
	2018/11/16	08	06	170	ANNUAL PERFORMANCE	
	2018/11/14	08	06	150	ANNUAL PERFORMANCE	
MAYORAL IMBIZO						
IDP/BUDGET ROADSHOWS	2018/11/19	12	10	195	PROJECT IMPLEMENTATION STATUS & PRIORITIES	09-12 April 2019 the feedback was given to communities in a form of roadshows
	2018/11/14	12	10	150	PROJECT IMPLEMENTATION STATUS & PRIORITIES	09-12 April 2019 the feedback was given to communities in a form of roadshows
	2018/11/16	10	10	175	PROJECT IMPLEMENTATION STATUS & PRIORITIES	09-12 April 2019 the feedback was given to communities in a form of roadshows

	2019/04/09	10	06	170	DRAFT IDP& BUDGET	The feedback will be given in the IDP/BUDGET Rep Forum meetings which will be held in the units for each quarter in 2018/19 financial year
T 2.4.3						

#### COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

Mbhashe municipality has made every effort to ensure maximum participation by members of the local community in the development of the IDP. The representative forum meetings in November 2018, and May 2019 are held per unit and invite all the relevant stakeholders for that unit. The communities are afforded an opportunity to engage with the presentations done by the municipality and their comments or inputs are being consolidated to the final report. They involve interaction with communities at ward levels and interactions with the reference groups which represented various stakeholders of the municipalities.

A number of development challenges were raised during these interactions. These issues have in turn been aligned with key development thrust for the municipality. The key development thrusts include:

- Construction of roads and road maintenance.
- Unemployment
- Poverty eradication, rural and economic development and job creation
- Financial sustainability (e.g. revenue enhancement)
- Spatial development and the built environment
- Human settlement
- Public transport
- Environmental Management and climate change

Social and community services

## 2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the section 57 and 56 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	

## COMPONENT D: CORPORATE GOVERNANCE

### OVERVIEW OF CORPORATE GOVERNANCE

Corporate governance broadly refers to the mechanism, processes and relations by which corporations are controlled and directed. Governance structures identified the distribution of rights and responsibilities among different participants in the corporation, and include the rules and procedures for making decisions in corporate affairs.

Corporate governance includes the processes through which corporations' objectives are set and pursued in the context of the social, regulatory and market environment. Governance mechanisms include monitoring the actions, policies and decisions of corporations and their agents. Corporate governance practices are affected by attempts to align the interests of stakeholders.

For good governance practices these committees need support in relation to the following:

- Integrated reporting and levels of independent assurance
- How the combined assurance framework addresses all significant risks; and
- The practicalities of how the risk committee works with the audit committee

In our endeavour to practice good governance, the municipality strives to implement the following principles in all its activities:

- Rights and equitable treatment of shareholders
- Interest of other stakeholders
- Role and responsibilities of the various committee's members
- Integrity and ethical behavior
- Disclosure and transparency

## 2.6 RISK MANAGEMENT AND LEGAL SERVICES

### RISK MANAGEMENT

Section 62 (1)©(i) and 95 ©(i) of the Municipal Finance Management Act (Act 56 of 2003) requires the Accounting Officers to ensure that their municipalities and municipal entities have and maintain effective, efficient and transparent systems of risk management.

Risk management is the systematic and formalized process to identify assesses, manage and monitor risks. The unit has the responsibility of coordinating and supporting the overall institutional risk management process. The process of identifying, assessing and managing risk remains the responsibility of management.

Risk Management is functional at Mbhashe Local Municipality is based on the legislative mandates Risk Management Policy, Fraud and Anti – Corruption Policy and to derive the benefits that would enhance the effectiveness and efficiency of the institution in meeting its obligation. The following risk documents are available:

- Risk Implementation Plan
- Strategic Risk register
- Operational Risk register
- ICT Risk register
- Fraud Risk register

Risk management policy requires that our institution should have a risk implementation plan that would outline plans regarding activities of risk management. Risk implementation plan in place which incorporate all activities regarding strategic, operational and fraud risks. The risk implementation plan is in place which was presented during our first quarter risk committee meeting. The risk management implementation plan for Mbhashe Local Municipality was prepared to give effect to the implementation of the risk management policy, fraud and anti corruption policy and sets out all risk management activities planned for the 2018-2019 fiscal year.

Operationally each department has a risk champion, consultative session take place and departments are reporting on progress of risk registers. Operational risk registers are updated and reported quarterly in terms of the SDBIP. Risk management has been institutionalized by departments which involves monitoring of risk taking place. Departmental risk sessions: Some risks causes were removed due to duplication. The mitigations that were complied with/done were made part of current business process.

Departments identified emerging risks which were presented to the audit committee and during the technical strategic planning sessions. The emerging risks will be considered during the risks assessment session.

Mbhashe Local Municipality appointed Risk Chairperson for period of one year and only attended one risk committee meeting and audit committee meeting. Our institution is in the process of appointing risk chairperson for 2019/2020 financial year. Mbhashe Local Municipality had three risk committee meetings on 28 September 2018, 26 March 2019 and 28 June 2019 during 2018/2019 financial year.

Risk management unit reported institutional risks during two Audit Committee meetings, technical strategic planning; Provincial Treasury and Amathole District Municipality. The risk registers were audited by Internal Audit and a report was submitted.

Combined risk assurance takes place by conducting the following activities:-

- Reporting risk to senior management & extended management meeting
- Reporting risk management in terms of the SDBIP approved by MM.
- Auditing of risk registers
- Interaction with ADM, SALGA and Treasury
- Reporting of risk management activities and progress to the audit committee.

Mbhashe Local Municipality conducted risk assessment during fourth quarter as per approved SDBIP and risk implementation plan. The overall purpose of risk assessment is to help the institution to prioritize the most important risks as the institution is not expected to have the capacity to deal with all risks in an equal manner. We conducted risk assessment, which is the process of quantifying or qualify levels of risk, prioritize the most important risks. Inherent risks were assessed to establish level of exposure and residual risks assessment to determine the actual remaining levels of risk. We checked the assessment tables wherein each risk is evaluated in terms of potential impact. Risks which are irrelevant were removed from each department, some of the matters have removed and transferred to other department.

The top strategic risks after assessment were:-

1. Withhold of Grants.
2. Financial Distress.



3. Inadequate ICT Management.
4. Fraud and Corruption.
5. Litigation.
6. Inability to attract investors.
7. Community unrest.

## **2.7 ANTI-CORRUPTION AND FRAUD**

### **FRAUD AND ANTI-CORRUPTION STRATEGY**

Fraud risk registers were updated per department, quarterly during the 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> & 4<sup>th</sup> quarter and all registers were assessed. Fraud and Anti-Corruption policy has been adopted by Council during 2018/19 FY. The Fraud and Anti-Corruption policy requires the institution to have a Fraud and Corruption Hotline that will be procured during 2019/20 FY. The Terms of Reference for the Fraud and Corruption hotline are on draft stage. There is also a regulatory universe which has a list of acts/legislations, policies and by-laws. Mbhashe Local Municipality is in the process of conducting Fraud and Corruption awareness sessions during 2019/20 FY.

## **2.8 SUPPLY CHAIN MANAGEMENT**

### **SUPPLY CHAIN MANAGEMENT**

Section 3(1)(b) and (c) of the SCM Regulations states that the accounting officer of a municipality must at least annually review the implementation of the SCM policy and when necessary submit proposal for the amendment of the policy to council. Section 117 of the MFMA states that: "No councilor of any municipality may be a member of a municipal bid committee or any other committee evaluating or approving tenders, quotations, contracts or other bids, not attend any such meeting as an observer." The Accounting Officer established a committee system that is consistent with the MFMA and Municipal SCM Regulations for competitive bids consisting of:

- A bid specification committee
- A bid evaluation committee
- A bid adjudication committee

Chapter 6 of the Municipal Regulations on Minimum Competency Levels states that: "The accounting officer and any other official of a municipal entity involved in the implementation of the SCM Policy of the municipal entity must generally have the skills, experience and capacity to assume and fulfil the

responsibilities and exercise the functions and power in respect of Supply Chain Management.” The regulations indicate the minimum competency levels for Heads and Managers in Supply Chain Management and Supply Chain Management Practitioners.

Supply Chain Management is centralized and situated in the Budget and Treasury Department with 5 permanent staff members, all five of them have completed the minimum competency requirements.

### **OVERVIEW SUPPLY CHAIN MANAGEMENT**

The Supply Chain Management Policy was reviewed during the 2017/18 financial year and submitted for approval by Council on the 31 May 2018. The SCM policy is currently fully aligned to the Regulations, the few amendments to the SCM Policy was mainly to address the issue of deviations i.e payments to educational institutions (in terms of the bursary policy), licensing of vehicles payments of subscriptions to professional bodies (SALGA, IMFO, IIA etc) these were previously done through deviation and will now be included in the policy.

Furthermore three other policies dealing with SCM were submitted for review with no proposed changes and the policies are as follows: Commodity Based Procurement Policy, SCM Turnaround Policy and Standard on Infrastructure Procurement and Delivery Management.

The Municipality utilized SAGE EVOLUTION ADVANCED PROCUREMENT SYSTEM which is one of the modules of the integrated finance system for the day to day procurement of goods and services.

Between R30 000 and R200 000 a 7 day notice procurement process is followed with adverts placed in the website as well as Municipal notice board in all three units (Dutywa, Xhorha and Gatyana). Upon closing, a register with all the relevant information is kept at the SCM office. The bids are then evaluated and a report is compiled where recommendations are captured and approved.

Open tenders with the value of R200 000 and above follow the three Bid Committee System namely; Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee. The Committee members are appointed in writing by the Municipal Manager. The Municipal Manager has strengthened the functioning of the bid committees by including members of management across all three committees. Furthermore regular trainings are provided, this has resulted in all bid committee being clear of their roles and responsibilities thus achieving full efficiency.

The PPPF Act thresholds (including regulations thereof), BBBEE Act and point's allocation are applied. The 80/20 split applied to all contract values below R50 million and 90/10 to all above R50 million, in line with Preferential Procurement Regulations.

#### **Contract Management**

There is still room for improvement in so far as contract management is concerned, buy-in from departments is also being sought to ensure that everyone plays a role in monitoring contracts. A comprehensive contract register is in place and is monitored on a monthly basis to track spending and performance on each contract.

### **Code of Ethics**

All Supply Chain Management practitioners, and members of the three Bid Committees, are required to sign a Code of Ethics as approved by Council annually. The approved code is based upon the Code of Ethics issued by National Treasury. At all Bid Committee Meetings the members have to declare their interests as part of the standing rules and approved terms of reference of the Bid Committees. New Bid Committee members were appointed by the Municipal Manager to participate in the 2017/18 financial year.

### **Training and Competency**

In accordance with the requirements of Section 8 of the SCM Regulations, as well as Section 83 of the MFMA, all SCM Practitioners must have a minimum level of competency, and the training of staff to meet the requirements is on-going. All of the five (05) SCM permanent staff have met the competency requirements.

### **General SCM Matters**

The Supply Chain Management office is fully staffed and there were no vacant positions during the financial year.

The SCM unit on a quarterly basis reviews transactions so as to investigate any instances of Irregular Expenditure. The aim is to ensure that there is no new Irregular Expenditure incurred other than the one recurring from previous irregular contracts. This is one of the steps to achieving a clean audit.

## **2.9 BY-LAWS**

- Accommodation Establishment By-law was developed in the 2017/18 financial year:-

The by-law was adopted by council as a draft, however public participation still has to be done before the final approval and gazetting of such by-laws in the 2018/19 financial year.

The following By-laws were under review

- Building Control By-law
- Unsightly and neglected building By –law
- Street Trading By- Law
- Advertising By-Law

The above listed by-laws are waiting promulgation processes

- Taxi and Taxi Ranks By-law
- Liquor Trading Hours By-law
- Traffic By-law

The by-laws were adopted by council as draft, however public participation still has to be done before the final approval and gazetting of such by-laws in the 2018/19 financial year.

## 2.10 WEBSITES

### COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

Section 75 of the MFMA requires that municipalities place key documents and information on their website, including the IDP, annual report, the annual budget, adjustments budgets and budget related documents and policies. The municipal website do not have a contract for Upgrading, Supporting, Hosting and Maintaining Mbhashe LM website since 2017/2018 till 2018/2019 financial, the municipality is struggling to get responsive service provider which leaves our website vulnerable.

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	
All current budget-related policies	Yes	
The previous annual report (Year -1)	Yes	
The annual report (Year 0) published/to be published	Yes	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	
All service delivery agreements (Year 0)	Yes	
All long-term borrowing contracts (Year 0)	No	n/a
All supply chain management contracts above a prescribed value (give value) for Year 0	Yes	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	Yes	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section		
Public-private partnership agreements referred to in section 120 made in Year 0	No	n/a
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	
<i>Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i>		

T 2.10.1

## **2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES**

### **PUBLIC SATISFACTION LEVELS**

A Public Satisfaction Survey was conducted in May 2016 and a report thereof is available.

## **2.12 ALL MUNICIPAL OVERSIGHT COMMITTEES**

- MPAC
- Audit Committee

## **CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)**

### **INTRODUCTION**

Mbhashe Local Municipality has some key service achievements that came to completion during the year 2018/19 namely, the provision of 15KM of Roads and Storm Water (ward 31,03 and 27) that are of a good quality, safe & trafficable as per applicable standards, total of 300 KM Roads were maintained, 2 No of community (Ward 24 and 15) halls has been completed and 2 No. of Community Halls (Ward 18 and 32) are in construction stage, 1640m<sup>2</sup> of paving has been done, one sport facility in construction stage (ward 2 and 25), and an animal pound has been completed (ward 01), a total number 1000 households were connected with non- grid through DOE in addition to previously installed 6610 household, moreover INEP 624 households were connected grid connections.

The municipality also managed to facilitate construction of 2000 houses in Xhorha rural and about 753 in Dutywa Township in the 2017/18 financial year.

A universal access with regard to waste management services has been achieved in the year under review. All our landfill sites are licensed.

## **COMPONENT A: HOUSING BASIC SERVICES**

### **INTRODUCTION TO HOUSING BASIC SERVICES**

Housing Basic service is the most key focus function of the municipality for coordination of Human Settlements projects. Mbhashe LM basic services is provided by three internal departments, namely, Infrastructure Services, Community Services and Planning & Development. Focus areas for basic services are as follows: municipal roads and storm water, infrastructure community services (community halls etc), electrification (community lights & households connection), solid waste, traffic, environmental management, libraries (agent for DSRAC), disaster management function, land use management, building regulations and human settlements. Water and Sanitation services are rendered by Amathole DM which is the Water Service Authority (WSA) and also Water Services Provider (WSP).

The provision and maintenance of road cuts across the functional areas of the Department of Transport DOT, ADM and Mbhashe LM. Mbhashe LM managed to construct 15 KM of new roads and maintained

300 KM of gravel roads. This was achieved with MIG and In-house construction/maintenance teams on each unit.

In terms of electricity distribution, Eskom is the licensed distributor of electricity in the whole of Mbhashe Municipal Area.

In addition to other service delivery issues is the housing. The housing delivery process is very slow because the municipality does not have the developer status. All project implementation responsibilities are done by the Department of Human Settlement. The municipality's housing sub-unit is coordinated by the housing officer reporting to the Land and Housing manager. The municipality is adequately capacitated to coordinate and facilitate human settlement projects. However, the municipality did manage to facilitate construction of 30 destitute houses at Xhorha and at Dutywa 100 destitute houses are still in progress.

Although the Census 2011 information identifies Mbhashe LM as providing the waste management services to only 4% of the total Mbhashe households, there has been a drastic change in the 2018/19 financial year. Full coverage of the area, including the rural areas, at an acceptable level of service (for seven days a week in the case of urban areas and the surrounding low cost and informal settlements; two days a week in the case of rural areas), has been achieved. This arrangement far surpasses the national norm of a minimum of once a week.

The main challenge is with the compliance and operation of landfill sites. Currently, Dutywa and Gatyana sites are licensed for closure. Both Gatyana and Dutywa disposal sites have been fenced in preparation for their rehabilitation. A service provider has been tasked with the rehabilitation and ultimate closure of the two sites, designs have been completed. The Dutywa Waste Transfer Station project that was constructed by ADM has since been transferred to Mbhashe LM for final completion and the contractor has already been appointed.

In the case of Xhorha, the site is permitted to operate and the contractor has been appointed to upgrade the site, but due to poor performance, the contractor was terminated. The municipality have plans to complete the project in 2019/20

### **3.1 WATER**

Amathole is Water Service Provider (WSP)

### **3.2 SANITATION**

Amathole is responsible for sanitation

### **3.3 ELECTRICITY**

#### **INTRODUCTION TO ELECTRICITY**

ESKOM is the licensed distributor of electricity in the whole area of Mbhashe LM. Mbhashe, therefore Municipality is not a licensed distributor of electricity; Integrated National Electrification

Programme (INEP) grant under Schedule 5 of Division of Revenue Act for household electrification is being received by Mbhashe LM for Shixini and Ntsimbakazi Electrification Programme. As at the end of 2018/19 financial year, there are approximately 237 households remaining at Shixini, and 658 households remaining in Ntsimbakazi. As from 2016/17 financial year there were additional number of villages from Mnquma Local Municipality due to demarcation that increases the Municipal backlog. Mbhashe Local Municipality became one of the municipalities in the Eastern Cape to provide the communities with the Solar System (non-grid electrification) 1000 Households have been installed in this financial year. According to the Stats SA Census 2011, electricity is used by about 50% households for lighting, which says in other way that the electricity backlog is about 27% (11263) households. Wood is used predominantly for cooking and heating purposes at 40% and 50% households respectively, causing a high pressure to environmental balance. For cooking next favorite is electricity 37% followed by paraffin at 15%. Paraffin and Candle are competing at 14% each for lighting next to electricity. Paraffin and electricity are the second and third sources of heating at 23% and 15% respectively. The overall situation of use of energy by households is presented in table and figure at the right and hereunder.

Electricity Services Delivery Levels				
Description	Year-3	Year-2	Year-1	Year-0
	Actual No.	Actual No.	Actual No.	Actual No.
Energy: (above minimum level)				
Electricity (at least min.service level)	41033.00	43694.00	44661.00	48861
Electricity - prepaid (min.service level)	41033.00	43694.00	44661.00	48861
Minimum Service Level and Above sub-total	82066.00	87388.00	89322.00	97722
Minimum Service Level and Above Percentage	68%	73%	74%	81%
Energy: (below minimum level)				
Electricity (< min.service level)	19091.00	16430.00	15463.00	11263
Electricity - prepaid (< min. service level)	0.00	0.00	0.00	0.00
Other energy sources	22170.00	16430.00	15463.00	11263
Below Minimum Service Level sub-total	412161.00	16430.00	15463.00	11263
Below Minimum Service Level Percentage	60124.00	60124.00	60124.00	60124
Total number of households		32%	27%	26%
				19%
Employees: Electricity Services				
Job Level	Year -1	Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.	Vacancies (as a % of total posts)
			No.	%

0 – 3					
4 – 6					
7 – 9					
10 - 12	3	3	2	1	33%
13 - 15					
16 - 18					
19 - 20					
Total	3	3	2	1	33%

Financial Performance Year 0: Street Lights					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>		-	-	-	0%
Expenditure:					
Employees	488,596.00	596,529.00	596,529.00	596,526.00	0%
Repairs and Maintenance	389,950.00	2,104,000.00	1,757,643.00	1,727,616.00	2%
Other	655,299.00	1,184,269.00	1,353,554.00	662,211.00	51%
<b>Total Operational Expenditure</b>	<b>1,533,845.00</b>	<b>3,884,798.00</b>	<b>3,707,726.00</b>	<b>2,986,353.00</b>	<b>19%</b>
<b>Net Operational Expenditure</b>	<b>-1,533,845.00</b>	<b>-</b>	<b>-3,707,726.00</b>	<b>-</b>	<b>19%</b>

#### COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL

The allocation for 2016/2017 was R17m and the allocation for 2017/2018 is R14m & 2018/2019 is R8.9m respectively. Mbhashe Local Municipality appointed Electrical Consultants for design and construction of both projects (Shixini and Ntsimbakazi Electrification). Mbhashe Local Municipality requested to Department of Energy for the use of own funds for electrification Programme to accelerate the household connections. This decision was taken by the Council due to high level of community unrest so as to be reimbursed by Department of Energy in the following financial years. There is a huge electrification backlog of about 16430 households without electricity as per the updated list per village per ward as of July 2017 (Ntsimbakazi and Shixini included).



The most electrification backlog in our municipality is in Xhorha and Eskom electrification plan indicates that some villages in Xhorha will not be electrified in the next three years.

Due to electricity infrastructure capacity problems in the municipality especial in Xhorha, the non-grid electrification has been introduced by DOE to address the need, as it will take some time to build or construct the required infrastructure to electrify the outstanding villages.

Solid Waste Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Households Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
<b>Solid Waste Removal (Minimum level)</b>				
Minimum service level & above subtotal	2199	22199	60124	60124
Minimum service level & above percentage	4	37	100	100
<b>Solid waste removal (below minimum level)</b>				
Removed less frequently than one week	0	0	0	0
Using communal refuse dump site	42624	27674	27674	27674
Other rubbish disposal	15301	10251	10251	10251
No rubbish disposal	0	0	0	0
Below minimum service level subtotal	57925	37925	0	0
Below minimum service level percentage	96	63	0	0
<b>Total number of households</b>	<b>60124</b>	<b>60124</b>	<b>60124</b>	<b>60124</b>

Description	Year -3	Year -2	Year -1	Year 0
	Actual no.	Actual no	Actual no	Actual no
Total households	60124	60124	60124	60124
Households below minimum service level	57925	37925	0	0
Proportion of households below minimum service level	96%	63%	0%	0%

Employees: Solid Waste Disposal and other Services		
	Year -1	Year 0

Job Level	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	60	61	58	3	5%
4 – 6	22	23	22	1	4%
7 – 9	22	22	21	1	4%
10 – 12	4	5	4	1	20%
13 – 15	1	1	1	0	0%
16 – 18					0%
19 – 20	1	1	1	0	0%
Total	110	113	107	6	5%

Waste Management Service Policy Objectives Taken From IDP								
Service Objectives  <i>Service Indicators</i>  (i)	Outline Service Targets  (ii)	2016/17		2017/18			2018/19	
		Target	Actual	Target		Actual	Target	
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)
By providing waste management services in an environmental friendly and sustainable manner to all households of Mbhashe.								
To provide effective and affordable services to the community where these are a direct function of the municipality by 2022	No of households receiving waste service	2199	2199	2199	2199	2199	60124	60124
	No of landfill sites managed according to permit conditions	3	0	3	3	0	1	0
Financial Performance Year 0: Solid Waste Management Services								
R'000								
Details	Year -1	Year 0						
	Actual	Original Budget	Adjustment Budget		Actual	Variance to Budget		
Total Operational Revenue	43,217.27	1,200,000.00	1,200,000.00		685,460.00	43%		
Expenditure:								
Employees	7,314,922.50	12,989,942.00	12,989,942.00		12,504,170.00	4%		
Repairs and Maintenance	1,111,627.46	564,276.00	2,333,399.00		2,254,122.00	3%		
Other	2,512,488.91	6,850,267.00	8,105,217.00		7,181,808.00	11%		
Total Operational Expenditure	10,939,038.87	20,404,485.00	23,428,558.00		21,940,100.00	6%		
Net Operational Expenditure	- 10,895,821.60	-19,204,485.00	-22,228,558.00		- 21,254,640.00	4%		

Financial Performance Year 0: Waste Disposal and Other Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>					
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
<b>Total Operational Expenditure</b>	-	-	-	-	
<b>Net Operational Expenditure</b>	-	-	-	-	
<i>Net expenditure to be consistent with summary T 5.1.2 in . Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					

Capital Expenditure Year 0: Waste Management Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	-	-	-	0%	-
	-			0%	-
	-	-	-	0%	-
	-	-	-	0%	-
	-	-	-	0%	-

	-	-	-	0%	-
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#### COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL:

A universal access with regard to waste management services has been achieved in the year under review. All our landfill sites are licensed.

### 3.5 HOUSING

#### INTRODUCTION TO HOUSING

##### HOUSING SUMMARY

The largest percentage of households (97%) in Mbhashe LM presently resides in rural areas. A fairly large percentage of the housing demand is therefore vested in rural areas. These areas are typically characterised by tenure issues viz. urban areas versus rural areas. It is therefore critical to gain an understanding of the nature of the housing need in these areas including tenure system, infrastructure, and service provision and dwelling types.

Housing needs register has been developed and is continuously being updated on a regular basis. The database is an important management tool for managing housing development and the eradication of backlogs.

The Mbhashe Municipality has no developer status to implement housing projects, the function still resides with Provincial Department of Human Settlement. The Mbhashe Local Municipalities role is to coordinate and facilitate the process of Human Settlement Provisions in liaising with Provincial Department of Human Settlement

In-terms of the 2016 community survey, the number of households at Mbhashe is recorded as 58 727, which represents a decrease of 7% as reflected in the 2016 community survey.

2016 community survey shows 0.84% per annum, totalling to 53.9% child headed houses with women as their heads.

There is a very high level of dependency in the municipality with almost 69.5% of the population.

2016 community survey shows that 97% of the households live in rural areas and less than 3% of households are situated in urban areas. Informal Settlements are within the 3% of urban areas.

The provision of housing is to a large part determined by the very low income levels and the traditions of the settlement pattern, where 98% needs houses (Quality for grant housing)-HSP 2009. Approximately 56.3% of households live in traditional dwellings with only approximately 41.1% living in formal dwellings. Whilst that is the case, the municipality has managed to facilitate provision of houses to 120 households in 2018/19 financial year.

## CHALLENGES

- Housing sector plan is outdated and municipal spatial development framework reflects an outdated statistic which results in poor planning.

- Rapid growth of informal settlements in Dutywa and Gatyana which shows that there is a high demand for housing for the poor.

## REMEDIAL ACTION

The municipality to review the housing sector plan so that there is an updated housing needs and demand.

To develop policies to curb rapid growth of informal settlements in the formalization of existing informal settlements.

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year -3	16 838	16 838	28%
Year -2	59 705	16 838	28%
Year -1			
Year 0	25562	24135	41.1%
Source: 2016 community survey			
T 3.5.2			

Housing Service Policy Objectives taken from IDP						
Service Objectives / Service Indicators	Service targets	2016/17		2017/18		2018/19
		Target	Actual	Target	Actual	Target
Facilitate development of sustainable and viable human settlements by 2022						

By facilitating the Provision of services to informal settlements	No. of houses built	-	-	-	-	120
To facilitate provision of adequate housing to indigent families by 2022 (rural)						
Facilitate housing provision	No. of houses built	480	323	130	130	130
To reduce the number of people living in squatter settlements						
Building formal houses for people living in squatters	No. of shacks removed	200	0	200	0	222
To facilitate provision of adequate housing to indigent households by 2022						
Review HOUSING SECTOR PLANS	An approved reviewed Housing Sector Plans		-	-	-	-

EMPLOYEES: HOUSING SERVICES					
Job level	2017/18	2018/19			
	No. of employees	No. of posts	No. of employees	No. of vacancies	Vacancies as a total of vacant posts
0 – 3					
4 – 6					

7 – 9					
10 – 12	1	1	1	0	0%
13 – 15	1	1	1	0	0%
16 – 18					
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0%</b>

Financial Performance Year 0: Housing Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	0%
Expenditure:					
Employees	2 550 462.67				
Repairs and Maintenance	1 405 246.19				
Other	6 365 610.25				
Total Operational	10 321 319.11				



Expenditure						
Net Operational Expenditure	-10 321 319.11					

Capital Expenditure Year 0: Housing Services					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	0%	-
	-		-		-

#### COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICES OVERALL

Whilst Housing is not the municipality's function; the municipality facilitates and plans for housing development. In the 2018/19 financial year; the municipality has managed to facilitate construction of houses at Xhorha and Dutywa

Beside the provision of housing as outlined above, the municipality has facilitated the provision of housing for the destitute and the provision of emergency housing for those affected by disaster. In the 2018/19 financial year, about 100 and 30 destitute houses (houses in different stages of construction) are constructed in Dutywa and Xhorha respectively.

However the main challenges remain the land claims, land invasion, poorly built houses in the Xhorha and Gatyana.

### 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

#### INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Mbhashe Municipality's intervention to adopt and implement the Free Basic Alternative Program goes a long way to ensuring that a better life for all is a foreseeable reality and specifically to improve its capacity towards service delivery to its citizens.

The municipality has provided the following services under its indigent support program:

1. Refuse removal
2. Solar alternative energy
3. Water and Sanitation – provided by Amathole District Municipality.

The Free Basic Services objectives are to provide indigent households with access to basic services. This support is funded through equitable share received from National Treasury.

There has been assistance in non-electrified areas by providing them with free basic alternative energy in the form of solar panels. In the current year 1800 households have been provided with solar energy.

The municipality has also provided free refuse removal services to all communities of Mbhashe at no cost. This intervention is aimed at promoting a clean environment.

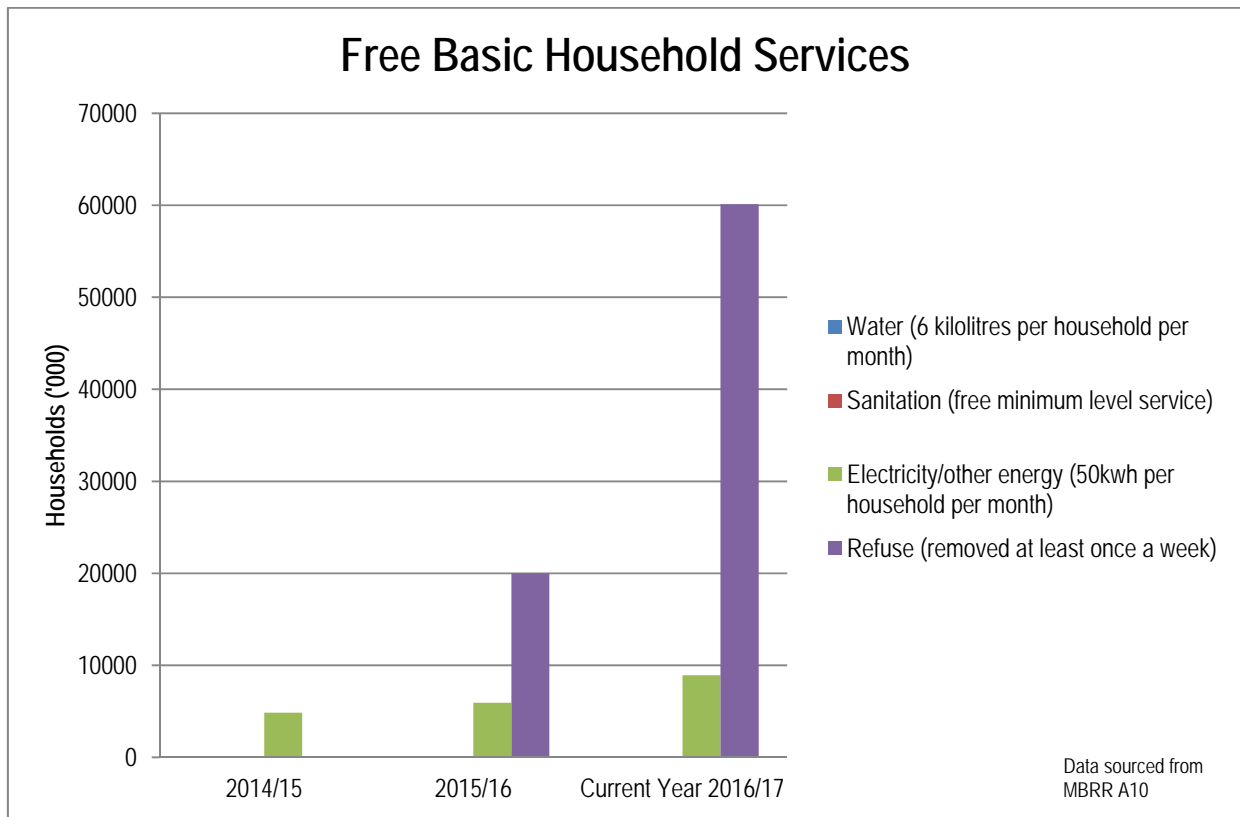
The municipality is also providing monthly free electricity tokens of 50kws for indigent household through Eskom Free Basic Account. This service has been affected by the updating and reviewal of the Indigent Register and updating of the Eskom contract. Monthly free electricity tokens will be rolled out for all ward beneficiaries during 2019/20 FY.

The municipality has established a free basic services unit. The municipality has an indigent register which is updated on a yearly basis whenever there are changes in the housing needs register.

The municipality is on track to fully comply with provisions of the equitable share allocation, which dictates that the municipality must fully support indigent residents within its jurisdiction

Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R1,100 per month								
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
		Total	Access	%	Access	%	Access	%	Access	%
Year -2	27 724	27 724		0%	0	0%	2 864	10%	0	0%
Year -1	27 724	27 724		0%	0	0%	2 864	10%	0	0%
Year 0	27 724	27 724		0%	0	0%	2 864	10%	20 000	72%

Year 0- 57 925, Year 1- 20 000, Year 2 – 0 (Graph to be edited in line with the new information)



Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Year -1	Year 0			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water					
Waste Water (Sanitation)					
Electricity	1 533 080	7 766 074.00	5 353 031.00		72%
Waste Management (Solid Waste)	3 840 000				28%
<b>Total</b>	<b>5 373 080.21</b>	<b>7 766 074.00</b>	<b>5 353 031.00</b>		<b>0%</b>

Include figures for waste management

#### Free Basic Service Policy Objectives Taken From IDP

Service Objective s  <i>Service Indicator s</i>  (i)	Outline Service Targets  (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous s Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	
To alleviate poverty to improve quality of household life.									
By investigati ng and advising on poor househol ds to participat e in indigent support program.	Credible Indigent Register	1 Updated Indigent Register	1 Updated Indigent Register	1 Updated Indigent Register	1 Updated Indigent Register	1 Updated Indigent Register	1 Updated Indigent Register	1 Updated Indigent Register	1 Updat ed Indige nt Regist er
Incentiviz e ratepayer s through the indigent subsidy	Credible list of indigent households on our billing system	Aligned indigent register	Aligned indigent register	Aligned indigent register	N/A	N/A			
Supply & delivery of free basic energy and services	Number of indigent households provided with free basic services	27 724	25 943	27 724	5 000	69 067	66 124	67 124	67 124

**COMMENT ON FBS AND INDIGENT SUPPORT**

The Municipality through Rural Waste Removal project has assisted over 60 124 rural households in total during the 2018/19 financial year.

Furthermore, the municipality assisted the youth co-operatives who were appointed through the DOE programme by funding the maintenance costs for the installed solar panels for 1800 households.

## **COMPONENT B: BASIC SERVICES**

### **INTRODUCTION TO BASIC SERVICES**

The Municipality developed Infrastructure Master Plan, Reviewed ISD Policy, Road Maintenance Plan, and Infrastructure Maintenance Policy and appointed Professional Service Providers for efficient future infrastructure planning. The Municipality implemented and monitored the roads maintenance plan with the use of in-house construction teams. This is done to ensure that infrastructure assets are kept in good condition. The Municipality continues to receive Municipal Infrastructure Grant and most of the funds contributes on road construction. The Municipal introduced the project Upgrade of Govan Mbeki access road in line with the strategy (Develop, maintain and upgrade quality infrastructure through integrated planning), Design has been completed and first phase of the project has been implemented in 2018/19. The municipality does not have transport services but have provided space for public transport at Dutywa. The Municipality has problems with the storm water drainage in towns and throughout the Mbhashe area. Municipality has committed budget for paving and to upgrade storm water drainage through the usage of SMMEs

## **3.7 ROADS**

### **INTRODUCTION TO ROADS**

The provision and maintenance of roads cuts across the functional areas of the National Department of Transport (NDOT), Department of Transport Eastern Cape (DOT), Amathole District Municipality (ADM) and Mbhashe Local Municipality (MLM).

NDOT, DOT and the District Municipalities established Roads Classification for all the LMAs funded through the Rural Road Asset Management System (RRAMS) grant, commenced late in 2011. Under this project DOT appointed service provider Engineering Advice and Services (EAS) to revisit and update the centreline data set, using aerial photography in order to include all possible access roads. ADM formed part of RAMS program covering all its Local Municipalities where Mbhashe Municipality also participated.

The DOT has thus mapped and classified all un-proclaimed gravel roads, earth roads and tracks that appear to serve a public purpose. This includes formal streets within urban and peri-urban areas as well as tracks and roads within informal settlements, peri-urban and rural areas. These roads have all been divided into links (intersection to intersection), assigned reference numbers and where available, road names. All this data is stored on a consolidated GIS database.

The finalised road classification data for provincial and municipal road networks has now been made available to the National Department of Transport, the Eastern Cape Department of Transport and all

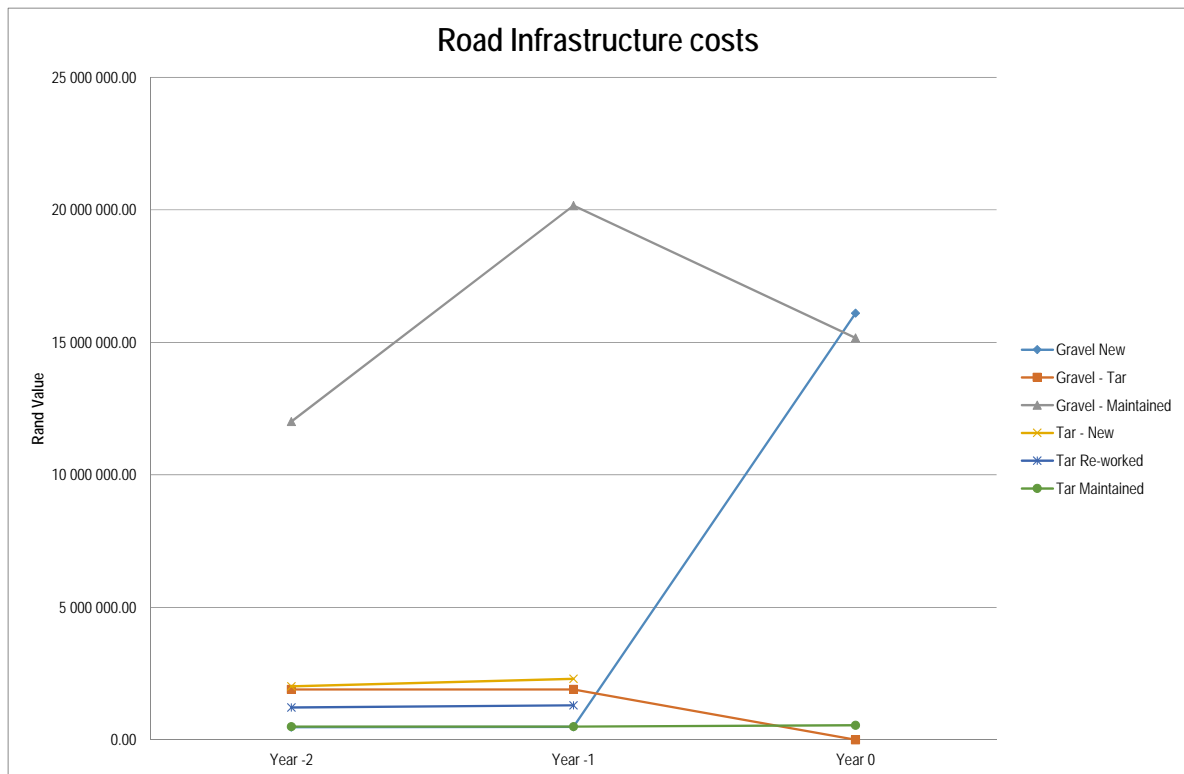
Local and District Municipalities by the provision of maps. The Department published a full list of provincial roads in terms of Section 2 of the Eastern Cape Roads Act (Act 3 of 2003).

Rural Road Asset Management System (RRAMS) indicates that the total length of road network in the entire Mbhashe Municipal area was 2696.37km however currently the updated total number is 2862.13km. The total length for National Roads is 40.60 km, total length for Provincial Roads is 776.53km of which 684.93km is unsurfaced, and the total length for Municipal Access Roads is 2065km.

Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Kilometers Gravel roads graded/maintained
Year -2	166	25	14	691
Year -1	196	30	0	315
Year 0	211	15	0	300
				<i>T 3.7.2</i>

Tarred Road Infrastructure					
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Kilometers Tar roads maintained
Year -2	98	14	25	15	40
Year -1	114	20	30	25	40
Year 0	114	0	0	0	11
					<i>T 3.7.3</i>

Cost of Construction/Maintenance						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
Year -2	475 000.00	1 900 000.00	12 014 400.00	2 020 000.00	1 220 000.00	500 000.00
Year -1	490 000.00	1 900 000.00	20 164 045.00	2 300 000.00	1 300 000.00	500 000.00
Year 0	16 101 955.83	0.00	15 164 680.00	0.00	0.00	550 000.00
						<i>T 3.7.4</i>



Roads Service Policy Objectives Taken From IDP						
Service Objectives  <						

Employees: Road and Storm Water Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	8	0	08	100%
4 – 6	25	25	24	1	4%
7 – 9	1	1	1	0	0%
10 – 12	08	16	10	06	38%
13 – 15	0	0	0	0	0%
16 – 18	2	2	2	0	0%
19 – 20	1	1	1	0	0%
Total	37	53	38	14	26%



Financial Performance Year 0: Road Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	<b>18 144 000</b>	<b>18 144 000</b>	<b>18 144 000</b>		<b>0%</b>
Expenditure:					
Employees	15 238 887	15 302 781	15 302 781		0.4%
Repairs and Maintenance	15 164 680.00	10000000	0	10000000	0%
Construction	17 985 358	18495418,10	0	0	0%
<b>Total Operational Expenditure</b>	<b>125 550 973</b>	<b>68 632 138</b>	<b>114 289 260</b>		<b>-10%</b>
<b>Net Operational Expenditure</b>	<b>-107 406 973</b>	<b>-50 488 138</b>	<b>-96 145 260</b>		<b>-12%</b>

#### COMMENTS ON PERFORMANCE OF ROADS OVERALL

The provision and maintenance of roads cuts across the functional areas of the Department of Transport, the Amathole District Municipality and the Mbhashe Local Municipality. Municipality managed to construct 15 km through MIG and maintained 300km using in- house construction plant.

### 3.8. TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

#### INTRODUCTION TO TRANSPORT

Mbhashe Local Municipal is currently providing the Learners Licence service and Drivers Licences, and Registering Authority (RA) is currently not functional because of the delays of renovations in our Premises, and relocation of Enatis equipment but as soon as renovations are done the equipment will be moved and it will be fully functional.

MLM does not provide the bus service.

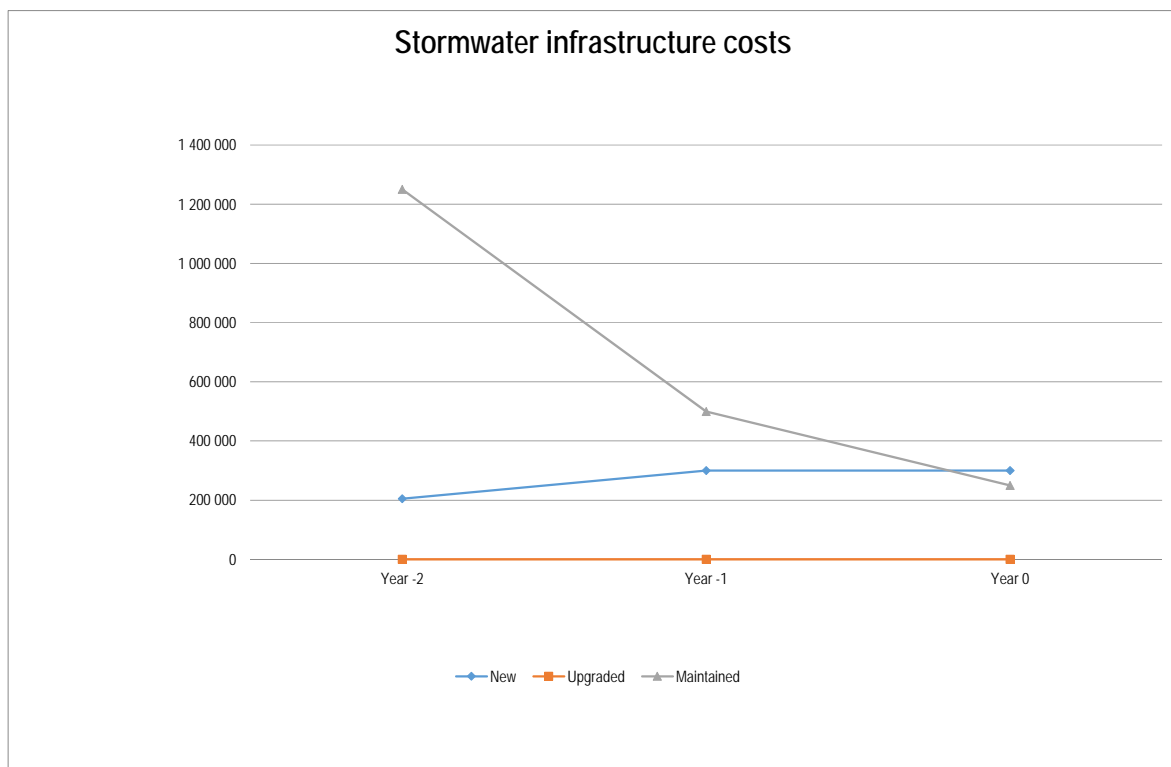
### 3.9. WASTE WATER (STORM WATER DRAINAGE)

#### INTRODUCTION TO STORM WATER DRAINAGE

The Municipality has problems with the storm water drainage in towns and throughout the Mbhashe area. Municipality has committed budget for paving and to upgrade storm water drainage through the usage of SMMEs. There is a challenge of bridges in the rural areas along the coast but there is limited budget.

Stormwater Infrastructure				Kilometers
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
Year -2	191	120	0	166
Year -1	311	15	0	191
Year 0	361	50	50	95
				<i>T 3.9.2</i>

Cost of Construction/Maintenance				R' 000
	Stormwater Measures			
	New	Upgraded	Maintained	
Year -2	205 000	0	1 250 000	
Year -1	300 000	0	500 000	
Year 0	300 000	0	250 000	
				<i>T 3.9.3</i>



Capital Expenditure Year 0: Stormwater Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	5067762	1250905	3731003	-36%	
Vinindwa	1998694	0	1267471	-58%	1998694
Qinnqana	2722360	1250905	2260449	-118%	3973265
Mangqosinini	346708	0	203083	-71%	346708
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.9.8

#### COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL

Mbhashe Local Municipality has three key projects for bridge construction, two are still on implementation stage (Mangqosinini in ward 04 and Vinindwa Brigdes in ward 5) will be completed on the 2019/20 financial year and one is completed (Qinqana Bridge in ward 17). All storm water culverts are installed at all three units as per the annual targets.

#### COMPONENT C: PLANNING AND DEVELOPMENT

##### INTRODUCTION TO PLANNING AND DEVELOPMENT

The municipality's planning section deals with issues of land use management i.e. rezoning, sub-divisions, consent uses, departures, Lease Diagrams and consolidations. It also deals with spatial planning and land administration.

Challenges with regard planning include the following:

Non-compliance with land uses and building controls regulations.

- Land Invasions and land claims
- Continuous mushrooming of informal settlements
- Illegal development occurring in environmental sensitive areas
- Non adherence to lease agreements.
- Delays in property transfers
- Settlements built in agricultural viable land

However; the town planning unit has put in place mechanisms to deal with non-compliance. This project will help minimizing the illegal use zones as per individual erven.

#### MECHANISMS TO DEAL WITH NON-COMPLIANCE: -

•**The development of the invasion policy** – to control illegal grabbing of the municipal commonage land in all three town Gatyana, Xhora and Idutywa.

. **The development of the lease policy-** which provides a framework in terms of which Mbhashe Local Municipality (MLM) may, under specific circumstances, take a decision to grant rights to use, control or manage MLM land or interest therein through long – term or short – term leases.

.**The development of the SPLUMA compliant Mbhashe Land Use Scheme** that is incremental in its approach for the three towns - to control and regulate the use of land within the municipal area.

•**Incorporate Environmental Design principles and criteria** as guidelines for Spatial Planning & Land Use Management – to control development on environmental sensitive areas

•**Co-opt relevant role-players and facilitate agreement in support of the land use scheme** – planning department is working hand in glove with the community services department particularly law enforcement to ensure compliance on land use scheme.

.**The development of the LSDF's** (Local Spatial Development Frameworks) forward planning of ward 19 and 22 which will help to control and manage land use management in the rural areas/ communal land.

**The issue of land claims.** The Gatyana and Dutywa Communities have lodged a land claim through the Land Claims Commission for the part of the commonages described as Erf 129 and Erf 1 – which belongs to the Mbhashe Municipality. Land claims remain the main issue as some of the developments have been interdicted from continuing. However, there's a special committee dedicated in tackling and resolving the issue. This has resulted in the loss of revenue as the service providers are charging the municipality for stand-off time whilst interdicted from continuing with the work.

### 3.9 PLANNING

Applications for Land Use Development										
Detail	Formalisation of Townships		Rezoning		Subdivision		Survey		Built Environment (Building Plans)	
	Year – 2017/18	Year – 2018/19	Year – 2017/18	Year – 2018/19	Year – 2017/18	Year – 2018/19	Year – 2017/18	Year – 2018/19	Year – 2017/18	Year – 2018/19
Planning application received	none	None	126	12	15	4	15	40	45	21
Determination made in year of receipt	Layout plans approved by Council	None	Approved by Council	Approved by council	Approved by Council	None	-			none
Determination made in following year	N/a	None	N/A	N/A	N/A	None	-		N/A	
Applications withdrawn	0	None	0	1 under investigation	0	None	-	None	3	7
Applications outstanding at year end	0	None	0	1 under investigation	0	None	-	None	04	2

#### PLANNING POLICY OBJECTIVES TAKEN FROM IDP

#### FINANCIAL PERFORMANCE YEAR 0: PLANNING SERVICES

##### COMMENTS ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL

The municipality has improved its systems in the financial year under review with the planned capacitation of the unit with the building control officer in addition to the three building inspectors taking the work from the Amathole District Municipality. This will make the process of applications faster and being able to deal with land invasions taking place in the three towns.

Rezoning applications linked to economic development is another important milestone which the municipality has done thereby assisting business development to continue. This has led to two shopping centers being built and an expansion of one shopping Centre to accommodate the famous food chain – KFC in the Xhora area. Another milestone is the appointment of the Municipal Planning Tribunal to deal with land use applications in terms of the new legislation – SPLUMA. However, training of Municipal Planning Tribunal was done in the financial year 2017/18.

### 3.10 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACE)

#### INTRODUCTION TO ECONOMIC DEVELOPMENT

Mbhashe Local Municipality's economic size is estimated to be 684 million .The economy grew by 14% over the period 1995 to 2008. Mbhashe Local Municipality' Integrated Development Plan (IDP) lists Agriculture, tourism, construction, manufacturing sector and retail as areas that have economic potential for this region .Social service and small enterprise development are other contributors to the

Mbhashe Local Municipality's Gross Domestic Product (GDP) .However the existing potential in these comparative and competitive advantages has yet to be realised.

More needs to be Development (LED) 2015 and the spatial Development Framework (SDF) (2015) are the blueprint to guide economic growth and development within Mbhashe Municipal jurisdiction. One of the LED strategic pillar programme is the commitment to support and development ,thus contributing to creation of job opportunities for the unemployed .The national government's programme calls for job opportunities ,reduce invested I n unleashing this potential for Local Economic Development ( LED) benefits .

In the wake of the current negative economic climate in South Africa, of the 53 million population of this country 5.1m people are unemployed, and 2.4m are discouraged from looking for a job. Given the current constraints on the public sector amid this economic uncertainty, the importance of SMMEs and Cooperatives has never been greater, the small business sector in South Africa has the potential to make a significant contribution to economic growth, employment and development

**Chapter 3** of the Mbhashe LM's Integrated Development Plan (2018/2019) refers to four (4) areas of investment opportunities which is the agriculture development, the enterprise development and the tourism development. These are based on the current economic situation Mbhashe LM finds itself in and is aimed at building on the existing strengths and exploiting the unique opportunities presented by the local economy and the specific physical and demographic environment of the municipality.

While issues such as the development and upgrading of economic infrastructure, improved institutional capacitation and good governance do have a role to play in ensuring that effective economic development does takes place, these matters are considered to be supportive elements that will not, of their own, result in the development of the economic base and have, therefore, not been included in the three main economic areas of focus.

The key Strategic Thrusts as per the Mbhashe LM IDP (2018/19), which form the basis of this strategy are:-

- Strategic Thrust 1: Agriculture Development.
- Strategic Thrust 2: Enterprise Development.
- Strategic Thrust 3: Tourism Development.

The municipality has implemented various programmes to advance economic development especially in the Agriculture, Enterprise and Tourism economic sectors as LED strategy implementation mechanism.

### **Agriculture Development:**

Performance Overview on Key Strategy Drivers:

- Agriculture profiling: Ten ward agriculture profiles (the following wards: Ward 3, Ward 5, Ward 10, Ward 11, Ward 12, Ward 24, Ward 19, Ward 20, Ward 26 and ward 31) were developed and submitted commodity products were made available as assistance to farmers in the form of agricultural inputs (maize seeds, stock remedy, fencing and livestock improvement support program (supporting of

shearing sheds with equipment). Maize production as part of supporting crop farmers for crop improvement; maize seed was delivered to (forty six) 46 villages to a total sum of 1875 hectares of cultivated maize land.

- Fencing: Fencing has been distributed to 5 villages (Xobo , Bolotwa, Ngcingwane located at Dutywa, Nkelekhetha and Ncihane located at Xhora) of Mbhashe Local Municipality during 2018/19.

- Farmer information days: 10 Capacity building programs (Ngonyama , Weza , Nqadu, Sinqumeni, Vinindwa, Bolotwa , Dutywa townhall TRC, Gatyana townhall, Skobeni, and Mndundu, as part of farmer support and assistance was rolled out benefiting local farming associations to increase knowledge, quality and scale of production to justify value addition in the region

- Agriculture related projects / infrastructure: LED infrastructure initiatives projects were identified and were implemented towards sustainable job opportunities and the reduction of poverty. Villages that were assisted with construction material of dipping tank include Sinqumeni, Mabheleni, Hadi, and Nakazana. Three shearing sheds (Mbewuleni located at Dutywa, Khasa located Xhora, Tswelelitye located at Dutywa) assisted with shearing shed equipment in the 2018/19 financial year.

- Livestock improvement programme: Mbhashe Local Municipality was identified as one area within Amathole District Municipality that was extremely affected by drought negatively impacting on livestock farming and water dam levels running dry. Furthermore, stock remedy was also distributed to all 31 wards as farmer assistance. On livestock commercialisation program, Mbhashe Local Municipality has assisted Ntlahtane (Masiphathisane cooperative ward 24) with the material for constructing livestock handling facility (race) and has assisted Ngqeza (Ncedabantu multi-purpose cooperative ward 29) with fencing material for fencing livestock camps.

- Another important milestone is the municipal concentration on High Value Products such; as Paprika and Sorghum, Macadamia, Moringa and Lemon Grass and Haw-Haw Tea. The municipality through its support programmes supported the AmaJingqi Macadamia Farming (AMF), Ligwa Moringa Farming, Bulungula Lemon Grass Essential Oil and Nondobo Paprika and Sorghum.

4 HVP Funded in 2018/19 financial year by Mbhashe LM as follows:

1. An amount of R625 000.00 transferred to Ligwa Moringa Coop
2. R1,200 000 was allocated for Bulungula Essential Oils and Lemon Grass Coop
3. R271,500 .00 was allocated for Nondobo Coop (Sorghum and Paprika)
4. R300 000.00 was allocated for Ludiza Sorghum

## **Enterprise Development:**

### **Performance Overview on Key Strategy Drivers**

- Training and development programme: Six (6) Cooperatives in Gatyana received training on Farm together and Business Plan Training for 5 days facilitated by Mbhashe Local Municipality Department of Agriculture, Forestry and Fisheries targeting 4 members per cooperative=24 participants and they were given certificates. 24 SMMEs received training on Finance and Tendering Training Workshop for 5 days facilitated by Mbhashe Municipality and Provincial Treasury. 25 cooperatives received training on Business Management facilitated by Mbhashe Municipality and DEDEAT.
- SMMEs assistance and Co-operative support: 22 SMMEs/Cooperatives supported with tools of trade (11 from Dutywa, 7 from Gatyana, 4 from Xhora).
- Informal trader support: LED has been continuously giving support to the informal economy in the form of financial and non-financial assistance to hawkers. Twelve (60) hawker stalls at Dutywa Central Business District have been distributed to registered street traders with trading permits. 100 Hawkers received Gazebo Tents.

## **Tourism Development:**

### **Performance Overview on Key Strategy Drivers**

- Product owners or Tourism Operators assisted: Craft development by providing capacity building to crafters was undertaken to ensure that they participate in the mainstream economy through workshops on tendering and other aspects of financial management. Furthermore, crafters were assisted with machinery and equipment in the form of sewing materials (Dutywa, Gatyana and Xhora)
  - Internal and external mega events: In order to maximise and increase visitors within Mbhashe as a preferred destination of choice, hence, Mbhashe Local Municipality provided support to local events which are intended to increase visitors, increase spending and revenue, ensuring geographical spread of tourism spin-offs and cutting seasonal tourism issues. The internal events that were held in the financial year 2018/19 were boxing tournament (Willowvale Ward 25), Tenza Beach Festival (Gatyana Ward 25) and the famous Mbhashe Indigenous Horse Racing event (Xhora, Mount Pleasant, Ward 16 and Dutywa, Bomela, Ward 9)
- The external events that were participated through national tradeshow in the financial year 2018/19 were Grahamstown National Arts Festival at Grahamstown, IsiNgqiSethu Cultural Festival at Port St Johns, Tourism Indaba at Durban, Macufe National Festival at Bloemfontein whereby local crafters and tourism product owners became beneficiaries through market access and exhibiting their products and offerings. Local crafters and tourism product owners were given a platform through market access and exhibiting their products and offerings.
- Heritage tourism: LED has been providing hand on approach by ensuring preservation of heritage resources at Mbhashe Municipality which are then made available as tourist products for consumption and research. Furthermore, 6 heritage properties have been maintained (Sinqumeni caves, Fort Marlan, King Hintsa, King Sarhili, Millar Mission and White House) following heritage prescripts and legislation thus ensuring its original appeal and universal value is sustainable preserved. These include the ones



linked to liberation heritage i.e. Mazizi Maqhekeza, Fort Malan Memorial where the designs were completed. Liberation heritage routes were identified along Mbhashe.

The municipality has implemented many programmes to advance economic development especially in the Agriculture and Tourism sectors.

## ECONOMIC ACTIVITY BY SECTOR

### COMMENT ON LOCAL JOB OPPORTUNITIES

#### EMPLOYEES: Local Economic Development Services

Job level	2017/18	2018/19			
	No. of employees	No. of posts	No. of employees	Vacancies	Vacancies (as a % of total posts)
0 – 3					
4 – 6					
7 – 9	0	0	0	0	
10 – 12	2	3	2	1	67%
13 – 15	1	1	0	1	100%
16 – 18					
19 – 20	1	1	1	0	0%
20-59	90	90	90	0	100%
Total	94	95	93	92	100%

### Financial Performance Year 0: Local Economic Development Services

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-	-	-	-	-
Expenditure:					
Employees	2,347,181	2,967,719	2,967,719	904,773	31%
Repairs and Maintenance	-				
Other	13 252 614	11,666,450	11,666,450	8,996,870	78%
<b>Total Operational Expenditure</b>	<b>15,599,795</b>	<b>14,634,169</b>	<b>14,634,169</b>	<b>9,901,643</b>	<b>68%</b>
<b>Net Operational Expenditure</b>	<b>(15,599,795)</b>	<b>(14,634,169)</b>	<b>(14,634,169)</b>	<b>(9,901,643)</b>	<b>(68%)</b>

Capital Expenditure Year 0: LED					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Computers and Printers					

JOB CREATION THROUGH EPWP PROJECTS		
Details	EPWP Projects	Number of jobs created through EPWP projects
FY 2018/19	Recycling	4
	Rural Waste Programme	370
	Gatyane Squatter Camp	2
	Waste Pickers	10
	Pound Assistants	16
	Street Cleaning	60
	Administrative Assistants	0
	Libraries	4
	Electrical Assistants	4
	Waste Transporters	31
	Off- loaders	31

	Land fill sites	0
	EPWP Coordination	14
	Infrastructure – MIG	14
	Nobonke rehab	04
	Weekend workers	23
	Free Basic Services	04
	Truck drivers and handyman	06
	Parks, cemeteries gardens and Beautification	12
	Peace officers	04
	Tea makers	02
	Alien clearing	13
	Life Guards	30
	Ablution facilities	01
	Walter Sisulu	04
	Traffic trainees	20
	Sinqumeni caves	05
	King Hintsa grave	05
	King Sarhili grave	05
	Fort malan memorial	05
	Miller mission grave	05
	Weza bush clearing	15
	<b>TOTAL</b>	<b>723</b>

Local Economic Policy objectives taken from IDP 2018/2019									
Service objectives	KPI	2015/16		2016/17		2017/18		2018/19	
		Target	Actual	Target	Actual	Target	Actual	Target	Actual
Agricultural development and food security									
By promoting agrarian reform and increase food	Number of wards with agricultural profiles conducted	N/A	N/A	N/A	N/A	N/A	N/A	10	10

security to farming households									
	Number of village associations assisted with maize production inputs.	40	40	40	40	40	40	46	46
	Number of farming projects assisted with fencing inputs	13	13	13	13	6	6	5	5
	Number of nurseries supported							2	2
	Number of village farming associations assisted with stock remedy	31	31	31	31	31	31	32	31
	Number of village feedlots assisted	N/A	N/A	N/A	N/A	N/A	N/A	2	1
	Number of dipping tanks renovated	5	5	5	5	5	5	5	5
	Number of shearing sheds built or renovated	5	5	5	5	5	5	3	3
	Number of boreholes renovated and drilled	N/A	N/A	N/A	N/A	4	4	2	2

To ensure use of agricultural value chain to stimulate local economic development in deprived areas									
By providing support for farming value chain activities	By providing support for farming value chain activities	By providing support for farming value chain activities	By providing support for farming value chain activities	By providing support for farming value chain activities	By providing support for farming value chain activities	By providing support for farming value chain activities	By providing support for farming value chain activities	By providing support for farming value chain activities	By providing support for farming value chain activities
	Number of information days held	16	16	16	16	16	16	10	15
To reduce poverty and unemployment through viable and sustainable job creation strategies									
By facilitating multiplier effects from EPWP projects	Number of people employed through EPWP	2000	2000	2000	695	2540	725	100	90
By developing an exit strategy (intervention plan) through SMME/Co-operative	Development of SMME support policy	NA	N/A	N/A	N/A	N/A	N/A	1	1
To encourage investment through viable investment and retention strategies									
By encouraging investment through viable investment and retention strategies	Economic Summit & Retention strategy	N/A	N/A	Economic summit and retention strategy	Concept	Approved concept and marketing plan	Approved concept document and marketing plan	4 investment opportunities profiled	4 investment opportunities profiled
By ensuring reduction of employment rate through development and capacitation of enterprises	Number of hawker stalls installed	N/A	N/A	N/A	N/A	60	35	15	15

By promoting entrepreneurial access to markets	Number of SMME's linked to formal markets	5	5	4	5	5	5	6	8
	Number of co-ops funded, trained and assisted	5	5	5	5	5	5	35	60
	LED AND SMME SPENDING	N/A	NA	N/A	NA	N/A	NA	5%	5%
	Spending towards local SMME's	N/A	NA	N/A	NA	N/A	NA	10%	90%
By capacitating and assisting informal traders	Number of informal traders supported	4	5	4	6	120	120	45	115
Ensure community access to market through their skills and capacity development	No. of craft projects assisted	15	12	10	12	10	10	10	15
Unlocking marine and coastal tourism opportunities									
Ocean Economy	Number of ocean marine economic initiatives supported	N/A	N/A	N/A	N/A	N/A	N/A	2	2
To position and promote Mbashe as a tourist destination of choice									
Tourism Events	Number of events hosted and participated on	8	8	4	4	4	4	4	7
Tourism and Environmental signage	Number of tourists destination with clear signage	3	3	3	2	1	1	5	5
Beach Upgrade	Number of tourism infrastructure projects facilitated	2	2	2	2	1	1	2	2

	and supported								
By supporting tourism operators	Number of tourism operators supported	5	5	5	5	5	5	8	10
Renovation of heritage sites	Number of heritage properties developed	5	5	5	5	5	5	4	5
Film Industry Support	Number of programs supported	N/A	N/A	N/A	N/A	1	1	1	1
Forest rehabilitation	Number of plantations rehabilitated	N/A	N/A	N/A	N/A	1	1	1	1

Financial Performance Year 0: Local Economic Development Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-	-	-	-	-
Expenditure:					
Employees	2,347,181	2,967,719	2,967,719	904,773	31%
Repairs and Maintenance	-				
Other	13 252 614	11,666,450	11,666,450	8,996,870	78%
<b>Total Operational Expenditure</b>	<b>15,599,795</b>	<b>14,634,169</b>	<b>14,634,169</b>	<b>9,901,643</b>	<b>68%</b>
<b>Net Operational Expenditure</b>	<b>(15,599,795)</b>	<b>(14,634,169)</b>	<b>(14,634,169)</b>	<b>(9,901,643)</b>	<b>(68%)</b>

#### CAPITAL EXPENDITURE LED

#### COMMENTS ON ECONOMIC DEVELOPMENT

### COMPONENT D: COMMUNITY & SOCIAL SERVICES

#### INTRODUCTION

Mbhashe has a competence for amenities and community facilities like halls, pounds, cemeteries, sports fields, ablution facilities, beaches, Early Childhood Development Centers, parks & public places and municipal offices.

**Halls:** - The municipality has been constructing multi-purpose community halls in many of its wards to aid communities with proper spaces for their meetings and functions. Xuba and Phathilizwe were

constructed and completed during 2018/19 FY. These facilities are constructed through the use of MIG and once finished, they are owned, operated and maintained by the municipality. The key challenge so far has been the lack of adequate funds to constantly maintain facilities. In all our units, there are halls (Town Hall, TRC halls and Multi-Purpose Centres).

**Sports fields:** - As is the case with the halls, these facilities are scattered throughout the Municipality, with some located in urban centres, whilst others are placed at ward centres. These facilities are poorly managed with no personnel attached to them.

**Cemeteries:** - Cemeteries are a competence of Mphashe municipality and our role is largely to plan, and ensure provision of land for burial as well as support with such services as registrations and mobilization of resources for fencing of facilities. Cemeteries are currently categorized into urban and rural (communal and private). Historically, the Municipality is largely responsible for the management and operation of the urban cemeteries, whilst the rural communal cemeteries are the responsibility of the communities concerned. The private cemeteries in the homesteads become the responsibility of the family concerned. Currently all the urban cemeteries are fenced.

**Beaches:** - Mphashe is well endowed with a beautiful and wild coastline that covers certain parts of Gatyana and Xhorha. Certain parts of the coastline are used by the public for leisure, especially during Easter and summer holidays. As a result of that, there are some leisure facilities in the form of public toilets, showers, signage, braai areas and others that are managed and maintained from time to time.

**Child care facilities:** - The municipality constructed two ECDC's to assist with the provision of shelter for pre grade R learners.

### 3.11 LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER

This is the concurrent function of the National and Provincial governments. The Department of Sports, Recreation, Arts and Culture (DSRAC) has since entered into a memorandum of agreement with local municipalities, including Mphashe to manage and administer these facilities.

An amount of R500 000 was transferred by the DSRAC for the maintenance and management of these facilities.

The Municipality has set herself, as part of the first three priorities the following and progress on each:-

- Parks are being maintained on a continuous basis.

Financial Performance Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
	R'000				
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	<b>4 285 498</b>	<b>4 867 644</b>	<b>6 017 644</b>	<b>5 676 242</b>	<b>6%</b>
Expenditure:					
Employees	11 159 939	14 161 945	14 161 945	14 132 524	0%



Repairs and Maintenance	4 570 232	4 353 947	5 403 946	4 486 295	17%
Other	10 516 939	10 340 075	11 373 875	10 584 266	7%
<b>Total Operational Expenditure</b>	<b>26 247 111</b>	<b>28 855 967</b>	<b>30 939 766</b>	<b>29 203 085</b>	<b>6%</b>
<b>Net Operational Expenditure</b>	<b>-21 961 613</b>	<b>-23 988 323</b>	<b>-24 922 122</b>	<b>-23 526 843</b>	<b>6%</b>

### 3.12 CEMETERIES & CREMATORIA

The routine maintenance in the form of grass cutting and clearing of the overgrown vegetation in cemeteries when need arises.

Financial Performance Year 0: Cemeteries and Crematoriums					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-	<b>3 264</b>	<b>3 264</b>	<b>3027</b>	<b>7%</b>
Expenditure:					
Employees	-				
Repairs and Maintenance	131 790				
Other	-	220 000	220 000	206 938	6%
<b>Total Operational Expenditure</b>	<b>131 790</b>	<b>220 000</b>	<b>220 000</b>	<b>206 938</b>	<b>6%</b>
<b>Net Operational Expenditure</b>	<b>-131 79</b>	<b>-216 736</b>	<b>-216 736</b>	<b>-203 911</b>	<b>6%</b>

### 3.13 CHILD CARE, AGED CARE & SOCIAL PROGRAMMES

Three pre-school were constructed in the following wards:

- Mhlabunzima ECDC W26
- Ikhwezi ECDC W12
- Lusizo ECDC W23 &
- MWANA ECDC W32

## COMPONENT E: ENVIRONMENTAL PROTECTION

### INTRODUCTION TO ENVIRONMENTAL PROTECTION

- In order to enforce the framework of Section 24 of the Constitution is the **National Environmental Management Act (Act 107 of 1998)**, which stipulates that everyone has the right:
  - to an environment that is not harmful to their health or well-being; and

- to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that
- prevent pollution and ecological degradation;
- promote conservation; and
- Secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

Mbhashe LM, has an Environmental Management Unit established under Development Planning. The purpose of this unit is to oversee that Environmental Protection is practised and Environmental Compliance is adhered to. This assist in equipping the municipality in promoting sustainability in all its practices. By doing so, in the year of 2018/2019, the unit has by far conducted the following programmes:

- Climate Change Strategy and Resilience Plan
- Land Rehabilitation
- Removal of Alien Species
- Tree Planting
- Nursery Plan
- Environmental Awareness Programs.

### **Climate Change Strategy & Resilience Plan**

A brief synopsis of anticipated climate change impacts can be drawn from the specialist report developed to inform the SDF review process for the Mbhashe Local Municipality. Specialist climate change tools, literature and data was also reviewed, and based primarily on the Long Term Adaptation Scenarios (specifically for the Mbhashe Local Municipality), the following climate change impacts, with high confidence, can be said to be inevitable:

- I. An approximate increase in median temperate of 1.8 - 2 Degrees Celsius during the summer months and approximately 1.6 – 1.8 Degrees Celsius increase during winter
- II. An increase in winter monthly rainfall by 10 - 15 mm and 25 - 50 mm in the summer
- III. The above climate changes could imply that Mbhashe Local Municipality is faced with the following:-
  - More frequent and severe flooding as a result of higher intensity storm events and possibly more frequent hail events. This will and will impact on human settlements, infrastructure, human health and place a greater burden on particularly impoverished communities
  - Higher rainfall may increase agricultural production but water availability could become a limiting factor, requiring increased irrigation. Ground and surface water systems are vulnerable. In this regard small scale farming is likely to be most affected
  - Heat waves may result in increased heat stress to plants, animals and humans and will increase associated fire risk placing livestock and grazing capacity under threat.

Furthermore, the Northern Parts of Mbhashe are more prone to drought, as evidenced by the recent events and the severe 2015 drought.

### **Land Rehabilitation**

During the year 2018/19, Land Rehabilitation followed a guide developed during 2017/18 financial year from a study completed for the Idutywa Illegal Quarry a portion of (ERF 1) an area along the N2 towards Umtata with GPS coordinates 32° 5'28.52" South and 28° 18'35.00" East. The purpose of the report was to assess on how the illegal quarry could be rehabilitated.



A suitable service provider was appointed, heavy duty machinery was utilized for rehabilitating the site into a contour shape. The budget allocated to the project for the financial year, allowed only for the construction phase. With the assistance of funding from DEA EPIP Open Spaces, there is hope to beautify the area into one of the municipality's green open spaces.

### **Removal of Alien Species**

During the 2018/19 financial year, a management plan for controlling alien plant species that have infested the area of Mbhashe LM particularly along the coastal areas have been developed.

The purpose of developing this plan, is merely for guiding the institutional planning towards the removal of these species through EPWP.

Secondly, this document will be part of the documents to source further funding for the municipality. The Invasive Alien Mapping & Control Document serves to outline the current spatial distribution of IAPs (Invasive Alien Plants) as well as GIS applications to monitor the spread of such plants in the Mbhashe Local Municipality of the Eastern Cape, South Africa. It will also provide the control plan for the IAPs for Mbhashe Municipality. Research has shown that the spatiotemporal distribution of IAPs in the municipality remains largely unknown. Also, the extent to which the Geographic Information Systems (GIS) and Remote Sensing has been utilized to benefit the mapping and quantification of alien invasion is questionable. Given the socio-economic and ecological impact of alien invasion, the municipality has been forced to take remedial actions to address the problem of alien invasion. The second last part of the documents (section 5) gives a framework of how this municipality can be assisted to combat the issue of IAPs spread using GIS and Remote Sensing methods. The process will include, both, desktop and ground-truthing to ensure that accurate locational information for IAPs is collected and enable meaningful images classification and analysis for informed decision making.



### **Tree Planting**

Tree Planting Programme constitutes greening in schools and in communities by providing and planting trees. The community residents together with the school learners have to been educated on the importance of trees. The importance of planting trees is known to be broad. It starts from playing a vital role in the battle against climate change, feeding our rivers and help regulate the impact of storms and floods. Trees also provide much needed oxygen and sequester carbon dioxide and also increase biodiversity



interest. In schools, trees provide a healthy and beautiful playground as they provide for shade for learners. Trees are also able to improve an area water quality, hence there is a need for planting more trees around the area of Mbhashe that is suffering from Climate Change Impacts. The tree planting and distribution was taken to many villages targeting government and public properties such as schools, clinics and halls.



During the 18/19 financial year, three towns (Idutywa, Xhora and Gatyana) were provided with trees. In Idutywa ward 01, a tree planting event was done in partnership with the Roman Catholic Church. Trees were planted in the church yard and distributed to

other congregants. In Xhora ward 13, an event was done in partnership with two schools, Elliotdale Village Primary School and Elliotdale Technical School around town. In Gatyana ward 25, an event was done with the Methodist church where trees were also planted in the church yard by the congregants and other seedlings were distributed to the church congregants. In all these events what was emphasised mostly was the importance of having trees planted in our society for the mitigation against Climate Change disruptions.

Furthermore; an urban material for greening was distributed in a form of concrete cages for waste in the dumping hotspots throughout the town of Idutywa, this was done for the elimination of dumping sites and illegal dumping particularly by businesses.

### **Nurseries:**

A nursery Action Plan was developed by the unit for an identified site in Xhorha. The Nursery is aimed at growing tree & flower seedlings in order to produce greening for the areas of Mbhashe LM. A tree nursery is a managed site, designed to produce tree seedlings grown under favourable conditions until they are ready for planting. It can be an informal, small-scale arrangement or a large commercial enterprise. Nurseries vary in size, facilities (supplies, tools, equipment, etc), types of seedlings produced, and operations. They also differ significantly in quality and quantity of planting stocks produced. However, all nurseries primarily aim to produce sufficient quantities of high quality seedlings to satisfy the needs of seedling users. Users include the nursery operator themselves, individuals, community organizations, farmer groups, government agencies, non-government organizations, corporate or private customers.

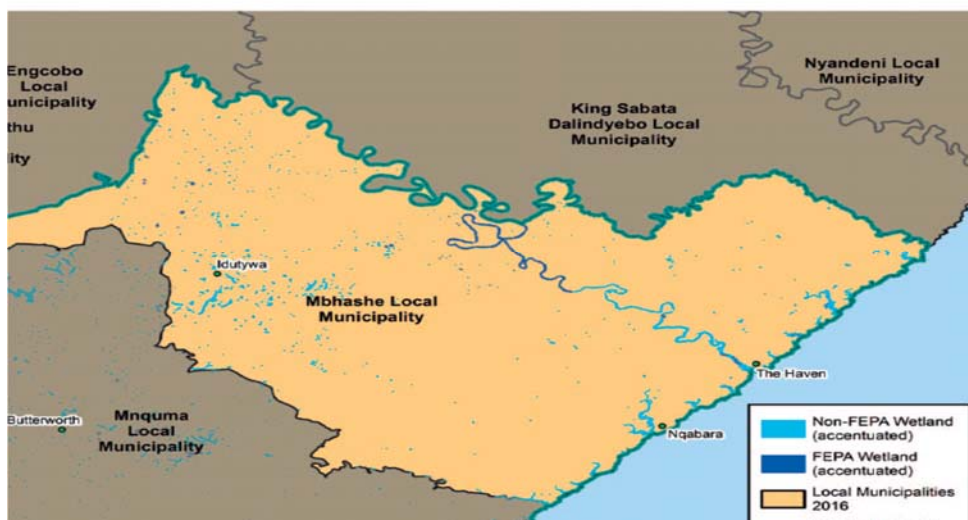
### **Wetlands Report**

A wetlands study report has been undertaken by ICLEI, for and under the Amathole District Municipality, in which Mbhashe forms part.

TABLE 1 THE CONDITION OF WETLANDS WITHIN MBHASHE LOCAL MUNICIPALITY:

Local Municipality	Conditions	Area (ha)	% wetlands areas
Mbhashe	Natural/Good condition	60.6	15.2

	Moderately Modified condition	100.3	25.2
	Heavily/Critically Modified condition	237.2	59.6



*Distribution of Wetlands in Mbashe Local Municipalities:*



#### **Environmental Awareness Programs**

The Biodiversity Day Celebrations took place in Luthuthu Village in ward 08. The event was done by Mbashe Local Municipality in partnership with the Department of Economic Development, Environmental Affairs and Tourism. A two day build up session was conducted by the department, Amathole District and Mbashe local Municipality in three schools around the village, Tshwati JSS, Dale Primary school and Laphumilanga JSS. The event was celebrated under the theme “Conservation of threatened and endangered ecosystems and species”. T-shirts and pencil cases were promotional material to the schools and the community received peach and indigenous trees.

A mini Arbor Day celebration was celebrated together with the Roman Catholic Church community in Dutywa where a distribution of trees was done to the church communities.

The Environmental Day Celebrations took place in Thornville, Mqonci A/A in ward 31 on the 22 may 2019. This event was celebrated under the theme Biodiversity under the threat of erosion. The community and Thornville JSS were educated on the mitigation of erosion in their living spaces. Stakeholders that attended the awareness and gave messages of support were; Amathole District Municipality, Department of Environmental Affairs, Economic development and Tourism, Department of Agriculture Forestry and Fisheries and Department of Environmental Affairs.

### 3.14 POLLUTION CONTROL

The types of pollution that are under the control of the unit ranges from river clean-up to coastal clean-up. An Air Quality Management Plan is still to be developed for issues pertaining air pollution, currently there is a climate change strategy that outlines the issues talking to air pollution e.g Transport pollution & Car Emissions.

Mbhashe also have rural waste which is a form of controlling waste pollution around

A nuisance By-law is in place to tackle noise pollution.

### 3.15 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

#### INTRODUCTION TO BIO-DIVERSITY AND LANDSCAPE

There is overwhelming evidence that climate change will lead to a loss in Biodiversity. The predicted changes in the natural environment for South Africa include a reduction in the ranges of species by up to 80% as well as 30% of endemic species being increasingly vulnerable to extinction.

Projected changes to the Biomes within the Mbhashe Municipality.

The three Biomes in Mbhashe are Indian Ocean Coastal Belt, Grassland and Savanna (Mucina and Rutherford, 2010). Due to increasing temperatures and changes in trends of precipitation resulting from climate change, species richness may be reduced. In addition, the Grassland Biome is likely to be reduced in spatial extent, while the spatial area of the Desert Biome is predicted to increase (UNEP, 2011). The decreased spatial extent of the Grassland Biome is also likely to be reduced due to the invasion of trees and woody species. This would ultimately lead to a shift towards Savanna type characteristics.

Possible responses to mitigate against the effects on the biodiversity and tourism sector:-

- I. Awareness regarding the worth of utilising biodiversity to help in societal adaptation to the effects of climate change, needs to be increased
- II. The establishment and expansion of protected areas needs to happen, as well as the creation of partnership to allow the effective management of areas which are not formally protected particularly those in the Grassland Biome.

Financial Performance Year 0: Environmental Management					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-	-	-	-	
Expenditure:					
Employees	330,964	473,494	473,494	416,250	88%
Repairs and Maintenance					
Other	666,847	2,250,962	2,250,962	1,517,527	68%
<b>Total Operational Expenditure</b>	<b>997,811</b>	<b>2,724,456</b>	<b>2,724,456</b>	<b>1,933,777</b>	<b>71%</b>
<b>Net Operational Expenditure</b>	<b>(997,811)</b>	<b>(2,724,456)</b>	<b>(2,724,456)</b>	<b>(1,933,777)</b>	<b>(71%)</b>

## COMPONENT F: HEALTH

This component includes: health inspections.

### 3.16 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC.

#### INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND INSPECTIONS, ETC

Function is performed by the district.

## COMPONENT G: SECURITY AND SAFETY

#### INTRODUCTION TO SECURITY AND SAFETY

Mbhashe LM is mainly responsible for the provision of the safety and security matters in the form of traffic regulations and by-law enforcement. We have seen a lot of improvement in this field in the form of establishing a fully-fledged unit dealing with the law enforcement.

### 3.17 LAW ENFORCEMENT

#### INTRODUCTION TO LAW-ENFORCEMENT

The Law Enforcement section is now fully functional. Our Law enforcement officers deal with the enforcement of By-laws and Traffic officers deal with the enforcement of road traffic act and criminal procedure act.

## MUNICIPAL LAW-ENFORCEMENT SERVICE DATA

Municipal Police Service Data					
Description	Year -1	Year 0		Year 1	
	Actual no.	Estimate No.	Actual no	Estimate No.	
1. Number of the road traffic accidents during the year	742	750	851	900	
2. Number of by-law infringements attended	5	10	5	10	
3. Number of police officers in the field on an average day	10	10	6	10	
4. Number of police officers on duty on an average day	15	20	14	20	
					T 3.20.2
Municipal Police Service Data					
Description	Year -1	Year 0		Year 1	
	Actual no.	Estimate No.	Actual no	Estimate No.	



1. Number of the road traffic accidents during the year	742	750	851	900	
2. Number of by-law infringements attended	5	10	5	10	
3. Number of police officers in the field on an average day	10	10	6	10	
4. Number of police officers on duty on an average day	15	20	14	20	
T 3.20.2					

[illegible]

## EMPLOYEES

Employees: Law-Enforcement Officers					
Job Level	Year -1	Year 0			
Police	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Law Enforcement Officer	1	1	1	0	0%
Other Law Enforcement Officers	23	26	23	3	11%
0 – 3					
4 – 6	19	22	19	3	13%

7 – 9					
10 – 12	4	4	4	0	0%
13 – 15	1	1	1	0	0%
16 – 18					
19 – 20					
Total	24	27	27	3	11%

### **3.18 OTHER (DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL OF PUBLIC NUISANCES)**

This Disaster Management is performed in accordance with the legislative requirements in the Disaster Management Act. In terms of Section 46 the municipality co-ordinates its activities with those of the –

- (a) National Disaster Management Centre;
- (b) The Eastern Cape Provincial Disaster Management Centre; and
- (c) Amathole District Municipality's Disaster Management Centre

The Mbhashe Local Municipality adopted the Disaster Management Plan during 2018/19 FY. The plan stipulates that the municipality is responsible for executing some obligations with regards to disaster in terms of the Disaster Management Act.

The Disaster Management Plan of the Local Municipality reflects:

- I. Compliance with the provisions of the Disaster Management Act.
- II. Alignment and integration with the current Integrated Development Plan (IDP).
- III. Assessment of risk and vulnerability of its communities and anticipate and prioritise disasters that are likely to occur in the municipality.
- IV. Place emphasis on measures that reduce risk and vulnerability of disaster-prone areas, communities and households.
- V. Identify areas, communities and households that are vulnerable and at risk.
- VI. Respect and use the indigenous knowledge relating to disaster management.
- VII. Promote disaster management research.
- VIII. Identify and address the weakness in capacity of the municipality to deal with possible disasters.
- IX. Facilitate maximum emergency preparedness

The following risks are identified as priority risks at Mbhashe that will be addressed by risk reduction and preparedness planning as contained in the plan.

In the year 2018/19, the municipality also reviewed the Disaster Policy. The policy states different stakeholders involved in the disaster mitigation.

Mbhashe Local Municipality uses the services of the Amathole District Municipality in the fire services; this is in terms of the assigned powers by the MEC for Local Government.

In the year 2018/19, the municipality was able to respond positively to all reported disasters in the area. In all these disasters; the municipality was the first point of call and response rate was high as

officials and councilors were seen in the disaster struck areas within 24 hours. For most of the time; groceries were supplied where to all those affected by fire and storm where groceries were affected.

## COMPONENT H: SPORT AND RECREATION

### 3.20 SPORT AND RECREATION

The sport facilities are being maintained and supplied with Nets and Poles for Netball and soccer. We have parks at Xhorha and Dutywa and they are maintained on continuous basis.

## COMPONENT I

## CORPORATE POLICY OFFICES AND OTHER SERVICES

## INTRODUCTION TO CORPORATE POLICY AND OTHER SERVICES

### 3.21 EXECUTIVE AND COUNCIL

## INTRODUCTION TO EXECUTIVE AND COUNCIL

The municipality has the political stability which enables Council to oversight through its section 79 and 80 committees. The Mphashe municipality has two management teams a political and an administrative team. The political leadership is made up of Councillors and Traditional Leaders. The political leadership makes strategic and policy decisions. The administration is headed by the Municipal Manager assisted by senior managers in ensuring that the decisions taken by the council are implemented.

The Executive and Council Policy Objectives Taken From IDP									
<b>Service Objectives</b>          <b>Service Indicators</b>	<b>Outline Service Targets</b>	Year -1		Year 0		Year 1	Year 3		
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>To ensure coordination , cooperation and joint planning g between spheres of government by 2017</b>									
Revive and strengthen IGR structures within the municipality	No of IGR meetings held	4	4	4	4	4	4	4	4
To ensure optimum functionality of council and its structures									

Coordinate functioning of council oversight structures	No of council and its structures' meeting organised	44	63	20	48	72	24	37	24
To enhance and promote communication in all municipal activities									
Reviewal and implementation of communication strategy	Reviewed communication strategy	1	1	1	Adopted Reviewed communication strategy	Adopted Reviewed communication strategy	-	-	-
To ensure that all stakeholders participate in the affairs of the municipality									
Review and implement public participation and petition strategy	Reviewed public participation and petition strategy	1	1	1	Existing public participation and petition strategy	Existing public participation and petition strategy	-	1	30
Improve the functioning and reporting of ward committees	No of reports submitted	34	5	34	124				
Strengthen the relations between CDW's , ward committees and ward councillors	No of meetings held	4	3	-	4				
Regular communication on communities on the achievements of targets set out in IDP	No of community imbizo's held	32	32	31					

					31				
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Financial Performance Year 0: The Executive and Council					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	<b>10 543 000.00</b>	<b>11 047 000.00</b>	<b>11 047 000.00</b>	<b>11 047 000.00</b>	<b>0%</b>
Expenditure:					
Employees	22 065 375.95	25 585 611.00	25 585 611.00	24 374 085.69	5%
Repairs and Maintenance	48 793.27	63 661.00	63 661.00	143 435.79	-125%
Other	3 641 285.59	4 419 857.00	4 419 857.00	5 447 526.03	-23%
<b>Total Operational Expenditure</b>	<b>25 755 454.81</b>	<b>30 069 129.00</b>	<b>30 069 129.00</b>	<b>29 965 047.51</b>	<b>0%</b>
<b>Net Operational Expenditure</b>	<b>-15 212 454.81</b>	<b>-19 022 129.00</b>	<b>-19 022 129.00</b>	<b>-18 918 047.51</b>	<b>1%</b>

Financial Performance Year 0: The Executive and Council					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	<b>10 543 000.00</b>	<b>11 047 000.00</b>	<b>11 047 000.00</b>	<b>11 047 000.00</b>	<b>0%</b>
Expenditure:					
Employees	22 065 375.95	25 585 611.00	25 585 611.00	24 374 085.69	5%
Repairs and Maintenance	48 793.27	63 661.00	63 661.00	143 435.79	-125%
Other	3 641 285.59	4 419 857.00	4 419 857.00	5 447 526.03	-23%
<b>Total Operational Expenditure</b>	<b>25 755 454.81</b>	<b>30 069 129.00</b>	<b>30 069 129.00</b>	<b>29 965 047.51</b>	<b>0%</b>
<b>Net Operational Expenditure</b>	<b>-15 212 454.81</b>	<b>-19 022 129.00</b>	<b>-19 022 129.00</b>	<b>-18 918 047.51</b>	<b>1%</b>

## COMMENT ON THE PERFORMANCE OF COUNCIL

### **Council Meetings**

The Municipal Structures Act requires that council should meet at least once a quarter. Mbhashe Municipality has in the previous year exceeded this required. All the issues that hinges on the legislative provisions were performed to the full expectations of oversight structures.

### **Attendance to Council Meetings**

Mbhashe Municipality boasts a very high record of attendance for all the council meetings convened for the year under review with most of the instances wherein councillors were unable to attend, apologies were tendered and approved.

### **All Party Whippery**

Council has also provided for mechanisms for political entities to council to be able to find one another on an extended avenue made available through the office of the Chief Whip

### **Section 80 Committees**

Section 80 committees are performing their functions very well. Their work assists council in dealing with the details in respect of the matters that are to be table before council for consideration, thus making the business of council less cumbersome.

### **Section 79 Committees**

The Municipal Public Accounts Committee has been fully constituted and members were given the requisite training.

## **3.22 FINANCIAL SERVICES INTRODUCTION**

The municipality's financial services office is made up of the following units:

**Budget and Reporting:** Responsible for preparing the budget and reporting. This section has also ensured that the municipality met all its reporting requirements as per the regulatory framework and has over the past two years received an unqualified audit opinion from the Auditor General's office.

**Expenditure and Payroll Management:** Responsible for monitoring payments made to service providers, employees and councillors whilst ensuring that controls exist regarding the municipality's contract management and that all payments made by the municipality have followed the proper control process.

**Procurement:** Responsible for monitoring controls over the Supply chain management process and ensuring that controls exist to mitigate against any risks that might affect the supply chain processes. The unit oversees procurement process from minor purchase order, mini tenders to open bid tenders and reports on the system in place to Provincial and National Treasury as stipulated in the MFMA.

**Assets Management:** Responsible for monitoring and maintenance of all the municipal assets and safekeeping of all assets. Performing physical verification of assets and ensuring that the municipality maintains a GRAP compliant assets register.

**Revenue:** Responsible for revenue collection, the process of updating the valuation roll, billing services, providing assistance to ratepayers regarding accounts queries.

Debt Recovery							
							R' 000
Details of the types of account raised and recovered	Year -1		Year 0			Year 1	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	6 782 109	81.86%	5 704 924	8 390 804	128%	5 700 000	100%
Electricity - B							
Electricity - C							
Water – B							
Water – C							
Sanitation							
Refuse	685,460.00	18%	-	90 238	#DIV/0!	1 300 000	100%
Other							

Employees: Financial Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3					
4 – 6					
7 – 9	21	11	11	0	18%
10 – 12	9	8	7	1	0%
13 – 15	1	1	1	0	0%
16 – 18	1	1	1	0	0%
19 – 20	1	1	1	0	0%
Total	35	22	21	1	9%

Financial Performance Year 0: Financial Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	<b>226 197 514</b>	<b>346 397 693</b>	<b>345 897 693</b>	<b>253 354 956</b>	<b>27%</b>
Expenditure:					
Employees	9 661 882				%
Repairs and Maintenance	-	-	-	-	%
Other	23 264 825	71 618 851	65 051 466	18 464 995	%
<b>Total Operational Expenditure</b>	<b>32 926 707</b>	<b>71 618 851</b>	<b>65 051 466</b>	<b>18 464 995</b>	<b>%</b>
<b>Net Operational Expenditure</b>	<b>193 270 807</b>	<b>274 778 842</b>	<b>280 846 227</b>		<b>%</b>

Capital Expenditure Year 0: Financial Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>637 500</b>	<b>457 500</b>			<b>457 500</b>
Computer Equipment	347 500	347 500	265 758	24%	347 500
Furniture and Office Equipment	240 000	110 000	-	100%	110 000
Machinery and Equipment	50 000	-	-	-	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					
T 3.25.6					



Financial Service Policy Objectives Taken From IDP									
Service Objectives  									

				received conditional Grants	received conditional Grants	received conditional Grants	received conditional Grants	received conditional Grants	conditional Grants
<b>To ensure compliance with budget and reporting regulations and other reforms.</b>									
By ensuring budget process and format is in compliance with budget & reporting regulation.	28 Monthly financial reports (Sec 71 , 52 and grant reports) submitted to Mayor and Treasury on the 10th working day of each month			28 Monthly financial reports (Sec 71 , 52 and grant reports ) submitted to Mayor and Treasury on the 10th working day of each month	28 Monthly financial reports (Sec 71 , 52 and grant reports ) submitted to Mayor and Treasury on the 10th working day of each month	28 Monthly financial reports (Sec 71 , 52 and grant reports ) submitted to Mayor and Treasury on the 10th working day of each month			
<b>To ensure that municipal assets are adequately managed and monitored</b>									
Establishment of a fully-fledged asset management unit	GRAP compliant immovable and movable asset register			Asset Register not fully GRAP Compliant	Updated GRAP Compliant Asset Register	Updated GRAP Compliant Asset Register			
<b>To ensure that the budget is aligned to the IDP</b>									

<i>Develop credible budget that is aligned to IDP</i>	<i>Timeous approval and submission to Treasury</i>			<i>Timeous approval and submission</i>	<i>Approved budget by 31 May 2016</i>	<i>Approved budget by 31 May 2016</i>			
<b>To ensure that our budget is transparent and properly monitored</b>									
<i>Abiding to the IDP &amp; Budget process plan and effective publishing of our budget</i>	<i>Positive assessment by Treasury</i>			<i>Credible budget</i>	<i>Credible budget</i>	<i>Credible budget</i>			

### 3.23 HUMAN RESOURCE SERVICES INTRODUCTION TO HUMAN RESOURCE SERVICES

The Human Resources Management Services rendered by Mbhashe aim to achieve the following:

1. Establish and maintain a working environment that encourages personal growth, development and job satisfaction
2. Attend to the Human Resources requirements of the various municipal departments
3. Ensure that Human Resources policies and procedures are administered to protect the interest of both the municipality and its employees
4. Render recruitment and selection
5. Maintain and monitor conditions of services and
6. Administer personnel and staff movement

#### SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

Human Resources service 63 Councillors and 12 Traditional Leaders in addition to a total number of 282 permanent employees as at 30 June 2019.

Total number of vacant posts as at 30 June 2019 amounts to 28

Employees: Human Resource Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	9	9	9	0	0%
4 – 6	0	4	4	0	0%
7 – 9	10	2	2	0	0%
10 – 12	6	4	4	0	0%

13 – 15	1	1	1	0	0%
16 – 18	0	0	0	0	0%
19 – 20	1	1	1	0	0%
Total	27	21	21	0	0%

Financial Performance Year 0: Human Resource Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	178 286.08	100 000.00	100 000.00	47 874.41	
Expenditure:					
Employees	3 021 874.90	5 390 943.00	5 390 943.00	3 570 204.61	
Repairs and Maintenance	5 473.76	6 135.00	6 135.00	7 242.42	
Other	1 879 200.68	3 820 779.00	3 942 579.00	5 594 714.60	
Total Operational Expenditure	4 906 549.34	9 217 857.00	9 339 657.00	9 172 161.63	
Net Operational Expenditure	-4 728 263.26	-9 117 857.00	-9 239 657.00	-9 124 287.22	

Capital Expenditure Year 0: Human Resources					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	800,000	800,000	582,676	27%	800,000
Computers and Printers	50,000	50,000	24,370	51%	50,000
Office Furniture & Equipment	50,000	50,000	1,320	97%	50,000

Vehicles	700,000	700,000	556,986	20%	70,000
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Human Resource Services Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<i>To provide and enhance skills among the Councillors, Traditional Leaders, Ward Committees and Employees to ensure effective service delivery by 2022</i>									
<i>By Implementing training plan as per approved WSP</i>		12 training interventions implemented as per approved WSP	12 training interventions implemented as per approved WSP	AET programme for employees          Targeted 12 training programmes for officials          Introduction of		Seven employees enrolled for AET          22 training programmes that were done for officials          Introduction of SAMTRAC ( OHS)          Strategic Planning Session			

				<p>SAMTRAC ( OHS)</p> <p>Strategic Planning Session</p> <p>Essentials of MPAC Oversight</p> <p>Policy workshop for LLF( Councillors )</p> <p>Performan ce Manageme nt</p>		<p>Essentials of MPAC Oversight</p> <p>Policy workshop for LLF( Councillors)</p> <p>Performance Management</p>			
				<p>4 Financial Study Assistance targeted qualificatio ns</p>	<p>11 qualifications implemented for officials and Councillors</p>	<p>11 qualifications implemented for officials and Councillors</p>			

				Unemployed Community programme	36 unemployed graduates were enrolled in an internship programme and placed in different municipal departments	36 unemployed graduates participated in the programme			
				1 Career Exhibition targeted	3 Career Exhibition implemented in all units	3 Career Exhibition implemented in all units			

#### COMMENT ON THE PERFORMANCE OF HUMAN RESOURCES SERVICES OVERALL

The municipality managed to establish a local Job Evaluation Committee made up of Managers directly accountable to Senior Managers. The Committee managed to quality assure 169 completed Job Descriptions which went to the District Job Evaluation Committee. 101 Job Descriptions came back from the Provincial audit Committee with results which were sent to Council, because of delays in the Job evaluation processes, the municipality could not fill all the targeted vacancies.

The municipality managed to increase the number of employees accessing municipal benefits substantively. 252 employees are on different Medical Aids while 271 are on different Pension Funds. The municipality submitted the Workplace Skills Plan to the LGSETA by end of April 2019. The Employment Equity Plan was approved by Council in December 2018. Payment on COIDA done on the 30<sup>th</sup> May 2019 to the Department of Labour. All Senior Managers has the required Municipal Finance Certificate. Some councilors also benefited in skills development. The Local Labour Forum and the Training Committee are functional.



### 3.23 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

#### INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Information Communication Technology section oversee the stability of business systems and network infrastructure within the organization, which require constant performance monitoring. Set institution-wide standards for software configurations and implementation guidelines in line with Policies and Procedure Manuals. Ensure maximized uptime, performance optimization, and full utilization of ICT resources and implementation of security measures & electronic data operations. Co-ordinates tasks/activities associated with the provision of End User support and analyses, diagnoses and resolves software/ hardware related problems ensuring optimum and uninterrupted functionality of operating systems and applications across the Municipality. Use system analysis techniques and procedures, including consulting with users, to determine hardware, software, or system specifications. Managing Local Area Network/ Wireless Area Network (LAN\WAN) infrastructure and ensuring that it's operating effectively.

ICT Service Policy Objectives Taken From IDP								
Service Objectives	Outline Service Targets	2014/15		2015/16			2017/18	
		Target	Actual	Target		Actual	Target	
<i>Service Indicators</i>		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)
To ensure effective and efficient tool of lowering cost to leverage service delivery through ICT to enable equal access to municipal information and services by 2022								

Review ICT policies	Reviewed ICT policies				5	5	5	10
Review ICT governance framework	Reviewed ICT governance framework					1	1	1
New ICT Policies								2

Employees: ICT Services					
JOB LEVEL	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	0	0	0	0	
4-6	0	0	0	0	
7-9	3	2	0	2	100%
10-12	2	2	2	0	0%
13-15	0	0	0	0	0%
16-18	1	1	1	0	0%
19-20	0	0	0	0	0%
Total	6	5	3	2	40%

Capital Expenditure Year 0: ICT Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2 150 000	2 200 000	804 383		2 200 000
COABLES	300 000	300 000	183 415	39%	300 000
DISASTER RECOVERY	400 000	400 000	362 981	9%	400 000
VPN	300 000	400 000	-	100%	400 000
SOFTWARE	1 000 000	950 000	189 805	80%	950 000
SERVERS	150 000	150 000	68 182	55%	150 000
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.27.6

Capital Expenditure Year 0: ICT Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>2 150</b> <b>000</b>	<b>2 200</b> <b>000</b>	<b>804</b> <b>383</b>		<b>2 200</b> <b>000</b>
CABLES	300 000	300 000	183 415	39%	300 000
DISASTER RECOVERY	400 000	400 000	362 981	9%	400 000
VPN	300 000	400 000	-	100%	400 000
SOFTWARE	1 000 000	950 000	189 805	80%	950 000
SERVERS	150 000	150 000	68 182	55%	150 000
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					<i>T 3.27.6</i>

#### COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL

Information Communication Technology section made sure that they manage the stability of business systems and network infrastructure within the organization, which required constant performance monitoring. The municipality have Virtual Private Network and Internet connection that gives access to municipal systems and network in all municipal offices, Voice over Internet Protocol Telephone system across municipal offices to enhance communication internal and with outside stakeholders, municipal financial system is mSCOA compliant as per National treasury requirements, New network cabling infrastructure for satellite offices, Upgraded municipal website with constant maintenance, Developed Disaster recovery- Business Continuity Plan, IT Governance Framework and IT Policies and Procedure manuals, Upgraded computers for users and providing End User support across Mphashe LM users. ICT Steering Committee was established to enhance ICT performance. System trainings attended by ICT. 2 Vacant positions will enhance ICT services across all sites once they are

filled. mSCOA HR module and Payroll implemented, integrated and updated with accurate information and training conducted for HR employees. Upgraded server room infrastructure and it complies with standards. Upgraded email solution to meet all current municipal needs and to comply with Governance.

## ARCHIVES OR REGISTRY

In line with the National Archives and Records Services Act No 43 of 1996 and Promotion of Access to Information Act 2 of 2000, registry protects, maintain municipal records. It also promotes access to information held at registry. It also serves as institutional memory where all records such as Policies, IDP, Financial statements, Annual reports and other strategic documents are made available to the public and staff. It serves to promote preservation of records of enduring value and disposal of ephemeral value. It also ensures timeously delivery of records to relevant departments within the municipality as well as delivery to municipal stakeholders. The municipality has an approved, adopted retention schedule which facilitates disposal process of each record generated and received by the municipality. The retention schedule has been signed by each head of department, the municipal manager as well as the Provincial Archivist. File plan is being amended on yearly basis and such amendments are submitted to the office of Provincial Archives. Registry also facilitates dispatching of municipal mail using franking machine. Access control system has been installed to prohibit unauthorized users from entering Registry. Awareness workshops are conducted to for end-users. Registry users are also trained to keep up with changes in legislation in as far as effective records management is concerned. Disposal of records is done although it is being handicapped by non-availability of shredder.

Employees: Archives Services					
JOB LEVEL	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%

0-3	4	0	0	0	0%
4-6	0	0	0	0	0%
7-9	3	3	3	0	0%
10-12	1	1	1	0	0%
13-15					
16-18					
19-20					
Total	8	4	4	0	0%

#### COMMENT ON THE PERFORMANCE OF ARCHIVES SERVICES OVERALL

Municipal Archives is responsible for centralization of municipal information. Three containers were bought and basement has been partitioned particularly for Human Resources Registry. Archives Access Application forms are filled by different departments accessing municipal records held in Archives. Archives Accession forms are filled by different departments transferring their records to municipal Archives. Standing disposal authority has been granted to the municipality for disposal of ephemeral records which will provide space for active records. Notifications to dispose ephemeral records are sent to the Provincial Archives as standing disposal authority has been granted to the municipality. Records disposed were for Budget and Treasury (Supply Chain), Xhorha's old and with non-archival value records. Municipal file plan has been approved by Provincial Archives and was implemented from 31 August 2016. Records Champions were trained to use of municipal archives. Three workshops have been conducted for all records champions. Records Management Policy has been adopted by the council and Procedures manual developed.

#### 3.24. PROPERTY SERVICES

##### PROPERTY

Property in this context refers to land and buildings (immovable properties). Owners of the immovable property in the municipality are the following:-

- 1) Communal under traditional leadership
- 2) Privately owned properties
- 3) Government owned properties (DRDLR and Department of Public Works)
- 4) Municipal owned properties

The municipal valuation roll is used as database where all properties registered on the deeds office are kept. The latest valuation was updated in 2014 and supplementary valuation rolls done in every year thereafter. The municipal valuation roll for the third cycle was supposed to start beginning of July 2019 for implementation but there were issues with rate payers and the municipality was unable to implement as per the approved valuation project plans and we have applied for condemnation from MEC.

The municipality also leases land to enterprises with the purpose of uplifting and promoting private sector investment. In 2018/19 financial year, the municipality has improved in the internal controls with regard to leases.

The lease policy has been adopted by council; more lease agreements have been signed and the collection rate on leases has improved. The municipality has lease register that is updated on a yearly basis.

Property services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	<b>1,177,836</b>	<b>839,948.00</b>	<b>1,339,948.00</b>	<b>1,381,294.00</b>	<b>-3%</b>
Expenditure:					
Employees	243,334	257,563.00	257,563.00	257,560.00	0%
Repairs and Maintenance	9,272	1,827,352.00	3,294,386.00	2,914,445.00	12%
Other	4,637,497	2,623,959.00	4,202,489.00	4,122,382.00	2%
<b>Total Operational Expenditure</b>	<b>4,890,103</b>	<b>4,708,874.00</b>	<b>7,754,438.00</b>	<b>7,294,387.00</b>	<b>6%</b>
<b>Net Operational Expenditure</b>	<b>3,712,267</b>	<b>3,868,926.00</b>	<b>6,414,490.00</b>	<b>5,913,093.00</b>	<b>8%</b>
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.16.5					



Capital Expenditure Year 0: Property; Legal; Risk Management and Procurement Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1,200,000.00	3,700,000.00	2,720,435.60	26%	3,700,000
OFFICE FURNITURE & EQUIPMENT	200,000.00	700,000.00	272,147.39	61%	700,000
PREFABS	1,000,000.00	3,000,000.00	2,448,288.21	18%	3,000,000
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.28.6
COMMENTS ON PERFORMANCE OF PROPERTY SERVICES OVERALL					
Municipal properties include community facilities, social facilities, residential and investment properties. The municipality budgets and maintains the properties every financial year to keep them in a good condition.					
Investment properties contribute on revenue collection through rentals from various leased properties. In the 2018/19 financial year there was a verification of all existing leases which resulted in identification of previously					

	unaccounted leases which resulted in an increase of 41 to 100 leases which include billboards, vacant land and municipal owned buildings. The leasing of properties has a potential to increase revenue for the municipality.	
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## **COMPONENT J: MISCELLANEOUS**

MUNICIPALITY DOES NOT HAVE AIRPORT, ABATTOIRS, MUNICIPAL COURTS AND FORESTRY.

## **COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD**

### **SECTION A1: SERVICE DELIVERY PERFORMANCE FOR 2017/18**

#### **A1.1: SUMMARY OF ANNUAL ORGANISATIONAL PERFORMANCE RESULTS**

### **SECTION A1: SERVICE DELIVERY PERFORMANCE FOR 2017/18**

#### **A1.1: SUMMARY OF ANNUAL ORGANISATIONAL PERFORMANCE RESULTS**

### DETAILED PERFORMANCE

Unacceptable	1	66% and below
KPI not fully effective	2	67% - 99%
KPI Fully effective	3	100-132%
Significantly above expectations	4	133% - 159%
KPI's outstanding	5	160%

## SUMMARY OF PERFORMANCE PER KPA

KEY PERFORMANCE INDICATORS	TOTAL NO OF KPA'S	RATING 1	RATING 2	RATING 3	RATING 4	RATING 5	% 2018/19 FY	% 2017/18 FY	VARIANCE
MTI	12	0	1	7	2	2	100%	90%	10%
SD	58	15	10	31	1	1	74%	90%	(16)%
LED	23	5	2	14	0	2	78%	100%	(22)%
MFV	12	0	0	11	0	1	100%	100%	0%
GGP	25	1	1	20	2	1	96%	100%	(4)%
TOTAL NO OF KPA'S	130	21	14	83	5	7	84%	96%	(12)%

## SUMMARY OF PERFORMANCE PER KPI'S

DEPARTMENTS	TOTAL KPI	RATING 1	RATING 2	RATING 3	RATING 4	RATING 5	% 2018/19 FY	% 2017/18 FY	VARIANCE
Corporate Services	20	2	2	12	2	2	90%	92%	(2%)
Infrastructure	40	10	8	21	1	0	75%	92%	(17)
Community Services	16	2	3	9	1	1	87%	88%	(1)%
Developmental Planning	39	8	1	28	0	2	79%	96%	(17)%
BTO	12	0	0	11	0	1	100%	100%	0%
Municipal Manager'	20	0	0	18	1	1	100%	100%	0%
Total No of KPI's	147	22	16	99	5	7	86%	94%	(7)%

STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2017/18 ACTUAL PERFORMANCE	2018/19 ACTUAL PERFORMANCE	RATING	REASONS FOR DEVIATION	REMEDIAL ACTION	RESPONSIBILITY
To provide and enhance skills among the Councilors, Traditional Leaders, Ward Committees and Employees to ensure effective service delivery by 2022	By Implementing training plan as per approved WSP	Training and development for employees	Number of training interventions implemented as per approved WSP	MTI 1.1	12 training interventions implemented as per approved WSP <b>R1 650 000</b>	5	12	3	N/A	N/A	<b>SM: Corp</b>
		Study Assistance	Number of formal qualifications registered as per approved WSP	MTI 1.2	4 formal qualifications registered as per approved WSP <b>R330 000</b>	5	9	5	Additional funding from Finance Management Grant.	N/A	<b>SM: Corp</b>
		Unemployed Community Programs	Number of learners participating in internship and	MTI 1.3	25 learners participating in Internship program <b>R110 000</b>	50	36	4	Received additional learners that are funded by National Skills Fund through	N/A	<b>SM: Corp</b>

			Learnership program						King Hintsa TVET college.		
		Career Exhibition	Number of career EXPO conducted	MTI 1.4	1 career EXPO conducted <b>R50 000</b>	N/A	3	5	Due to change of approach in the implementation of the project.	N/A	<b>SM: Corp</b>
To maintain organizational structure that will ensure effective and efficient service delivery by 2022	By reviewing organizational structure	Organogram Review	Number of Organogram submitted to Mayco	MTI 2.1	1 Organogram submitted to MAYCORG0	The target is partially achieved. The means of verification as per POE are as follows:  Organogram, Management minutes and agenda	1	3	N/A	N/A	<b>SM: Corp</b>



						for LLF are submitted however there is no proof of submissio n to MAYCO					
To ensure the implementat ion of PMS by 2018 and improve institutional performanc e through skills developmen t and change managemen t	By maintainin g a low vacancy rate	Recruitme nt and Selection	Number of employees recruited in 2018/19	MTI 2.2	21 employees recruited in 2018/19 <b>R244 600</b>	59	0	2	18 employees were appointed in the 2018/19 FY. The target could not be achieved due to delays in the Job Evaluation.	The target will be achieved in the first quarter of 2019/20	<b>SM: Corp</b>
	By conducting quarterly, mid-yearly and annual Performan	Performan ce Managem ent	Number of Individual assessment reports submitted.	MTI 3.1	4 Individual assessment reports submitted <b>R0</b>	The target is not achieved. The means of	4	3	N/A	N/A	<b>SM: Corp</b>

	ce assessmen ts					<p>verification as per POE are as follows:</p> <p>There is no evidence provided in the file to support that performance assessment was conducted.</p>					
	By organizing Councilors, Traditional Leaders and Employees Assistance Programs	Employee Wellness Programs	Number of Wellness programs organized	MTI 3.2	4 Wellness programs organized R1 075 000	8	6	4	Increased by sport invitations from other municipalities	N/A	<b>SM: Corp</b>

To ensure compliance and sound management practices within the institution by 2022	By improving performance through monitoring and evaluation of reports	Institutional Performance Management	No. of quarterly organizational performance reports submitted to Council	MTI 3.3	4 quarterly organizational performance reports submitted to Council <b>R0</b>	6	4	3	N/A	N/A	<b>SM: OPERATIONS</b>
	By developing annual report	Annual Report development	Turnaround time for the submission of 2017/18 Final and Audited Annual Report to AG, PT & COGTA	MTI 3.4	2017/18 Annual report submitted to AG by 31 August 2018 and to PT and COGTA <b>R70 000</b>	1	2017/18 Annual report	3	N/A	N/A	<b>SM: OPERATIONS</b>
	By complying with Legislation	Compliance with Legislation	Develop a report on the compliance to legislations on (COIDA - Medical surveillance, WSP, OHS and	MTI 4.1	Developed report on the compliance to legislations on (COIDA - Medical surveillance, WSP, OHS and Employment equity)	N/A	Report on legislations (COIDA, Medical surveillance, WSP, OHS and Employment equity)	3	N/A	N/A	<b>SM: Corp</b>

			Employment equity)								
To ensure effective and efficient tool of lowering cost to leverage service delivery through ICT to enable equal access to municipal information and services by 2022	By ensuring Business Continuity	Disaster Recovery site establishment in Willowvale	Number of quarterly progress reports on the establishment of a backup/DR site	MTI 5.1	4 quarterly progress reports on the establishment of a backup/DR site	1	4	3	N/A	N/A	<b>SM: Corp</b>
	<b>KPA 2 SERVICE DELIVERY AND INFRASTRUCTURE SERVICES</b>										
To develop, maintain and upgrade quality infrastructure through integrated planning,	By constructing new gravel road	Construction of new gravel roads	Number of Kms of gravel roads constructed	SD 1.1	15kms of gravel roads constructed <b>R15 854 388.98</b>	30km	14.9kms	3	N/A	N/A	<b>SM: Infrastructure</b>

taking short, medium and long term needs into consideration, and fulfilling these within the parameters of sound financial management by 2022			(Wards - New 31,26,3,27)								
		Completion of existing gravel roads (Multi year project from 17/18 )	(Wards 6,19 - Completion)	SD 1.1.1	4.6kms		4.6 kms completed and Final Completion certificate for Nombulelo Access road (ward 6).	2	Practical Completion certificate for Nombulelo Access road (ward 6). There has been delay in ward 19 on the appointment	Municipality is in the process of appointing steel bridge supplier in the first quarter of 2019/20 FY	<b>SM: Infrastructure</b>

									t of the sub-contractor due to price escalation on their quotation		
		Establishment of sites	Number of site re-establishment at ward 19 (Xhorha Mouth to Ndalatha)	SD 1.1.2	Site re-establishment <b>RO</b>	N/A	0	1	There has been delays on the appointment of sub-contractor due to price escalation on their quotation	Municipality is in the process of appointing service provider for steel bridge and will be achieved in the 2 <sup>nd</sup> quarter of 2019/20 FY.	<b>SM: Infrastructure</b>
		Tayi to Qwili	Number of site re-establishment (Tayi to Qwili and Nohesha to Matyhama)	SD 1.1.3	Site establishment and earthworks completed <b>RO</b>	N/A	Site establishment done and Earthworks are at 65%. Earthworks were not	2	Site establishment done and Earthworks are at 65%. Earthworks were not completed, there has been delays	The dispute was resolved and the contractor is back on site. Earthworks will be completed	<b>SM: Infrastructure</b>

							complete d		due to dispute on route that was designed. contractor was stopped.	as at end July 2019	
		Nohesha to Matyhama		SD 1.1.4		N/A	0	1	The project was advertised on the 20 <sup>th</sup> June-2019 and the briefing was on the 1 <sup>st</sup> of July 2019. The project was delayed due to change of name which was Manzi to Ngangolwan dle and changed to Nohesha to Matyamani	The project will be implemente d in the 2019/20 FY.	<b>SM: Infrastructure</b>

									in the same ward.		
		Constructi on of gravel roads.	Number of Km's of gravel roads completed (Sihlabeni and Nombulelo)	SD 1.1.5	10km's of gravel roads completed (Sihlabeni and Nombulelo <b>R0</b>	N/A	9.6km's	2	Km's as reflected in the annual target were incorrectly calculated	The km's have been completed	<b>SM: Infrastructure</b>
	By maintainin g gravel roads	Gravel road maintaina nce	Number of layer works completed  Wards (1,,2,3,4,5,6, 7,8,9,10,11, 12,13,14,15, 16,17,18,19, 20,21,22,23, 24,25,26,27, 28,29,30,31, 32	SD 1.2	300kms of gravel layer works completed <b>R10 000 000</b>	315.1km	317.2kms	3	N/A	N/A	<b>SM: Infrastructure</b>
	By upgrading of gravel road	Govan mbeki	Number of layer works completed  Ward 9	SD 1.3	5km of gravel layer works completed <b>R0</b>	N/A	5km	3	N/A	N/A	<b>SM: Infrastructure</b>



	By upgrading of storm water facilities	Installation of storm water culverts	Number of storm water facilities upgraded	SD 1.4	20 storm water culverts and channels upgraded <b>R500 000</b>	0	10	3	N/A	N/A	<b>SM: Infrastructure</b>
		Installation of storm water channels		SD 1.4.1		10	14	3	N/A	N/A	<b>SM: Infrastructure</b>
	By maintaining of surfaced roads	Surface roads maintenance	Number of Kms of surfaced roads maintained  (Wards 1,13,25)	SD 1.5	11kms of surfaced roads maintained <b>R1 500 000</b>	11km	13.05km	3	N/A	N/A	<b>SM: Infrastructure</b>
	By paving square meters in identified areas	Paving	Number of square meters of roads paved  Wards 1,13,25)	SD 1.6	7140m2 of roads paved <b>R2 000 000</b>	8361.50 m2	4177.5 m2	1	Funds for this project were exhausted before completing the targeted works	Revised the works plan, inputs on the new budget of 2019/20 FY and revised the cost estimates of	<b>SM: Infrastructure</b>

										the projects as to include the lost time and complete the remaining square meters by 30 June 2019/20 financial year	
	By constructing formal bridge structures	Vinindwa/Mazizini bridge and Qhinqala bridge	Number of formal bridges constructed (Vinindwa/Mazizini) and Qhinqala	SD 1.7	1 formal bridge constructed at Qhinqala <b>R4 721 054.15</b>	0	1	3	N/A	N/A	<b>SM: Infrastructure</b>
				SD 1.7.1	2 formal bridges constructed (Vinindwa/Mazizini)	N/A	0	2	The actual work done for Vinindwa & Mazizini Bridge:- Concrete foundation for culverts complete, foundation	Revised the project plan, cashflow projections & targets and complete project by 1 <sup>st</sup> quarter	<b>SM: Infrastructure</b>

									for wing walls complete from the base to top, 12 portal culverts installed at mazizini bridge. At vinindwa clearing of site to shape, removing of boulders done, cut-off drains to re-direct river stream. The predominant delays encountered are due to inclement weather, municipality machinery that is also working on	of 2019/20 FY.	
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									in-house construction /maintenance projects and reliance of suppliers on payment certificates for delivery of material		
		Magqosini bridge	Number of pedestrian bridge completed at Magqosini	SD 1.7.2	1 pedestrian bridge completed at Magqosini	N/A	Wing walls and concrete slab completed	1	The project could not continue due to price escalation on the suppliers quotations and there was shortage of budget.	To Source funding and negotiate with the appointed supplier and the project will be achieved as at end of quarter 1 2019/20 FY.	<b>SM: Infrastructure</b>
	By providing grid electricity to qualifying	Shixini and Ntsimbakazi electrification projects	Number of households connected with grid electricity	SD 1.8	426 households provided with grid electricity <b>R8 946 000</b>	808	511	3	N/A	N/A	<b>SM: Infrastructure</b>

	households		(Wards 27,15)								
	By facilitating the provision of solar energy to qualifying households	Installation of solar system	Number of households provided with solar energy (Wards 16,23)	SD 1.9	1000 households provided with solar energy <b>R0</b>	2948	1081	3	N/A	N/A	<b>SM: Infrastructure</b>
	By installing high masts	Installation of high mast	Number of high masts installed (Wards 2,19,28,10,30,21)	SD 1.10	6 high masts installed <b>R2 000 000</b>	3	6	3	N/A	N/A	<b>SM: Infrastructure</b>
	By upgrading street lights in all towns	Upgrading of street lights Dutywa	Number of street lights upgraded (Wards 1,25)	SD 1.11	35 street lights upgraded <b>R1 500 000</b>	35	35	3	N/A	N/A	<b>SM: Infrastructure</b>
		upgrading of street		SD 1.11.1	40 street lights in W/Vale upgraded	N/A	Designs done & approved, 30% of	1	The municipality was awaiting for	The project will be completed in the 2 <sup>nd</sup>	<b>SM: Infrastructure</b>

		lights w/Vale					the material is on site.		the completion of willowvale main road by Department of Public Works in-order to commence with the work.	quarter of the 2019/20 FY.	
	By maintaining street lights in all towns	Maintenance of street lights	Number of street lights maintained (Wards 1,13,25)	SD 1.12	610 street lights maintained <b>R1 000 000</b>	669	2440	3	N/A	N/A	<b>SM: Infrastructure</b>
	By constructing Sport facilities	Construction of sports fields at ward 13	Number of Sports field constructed/ on construction (Ward 1,2,13,25)	SD 1.13	Site establishment <b>R8 186 229</b>	0	0	1	The project for ward 13 has been advertised and closed. Awaiting for the bid committees to award.	Site establishment will be done in the 2 <sup>nd</sup> quarter of 2019/20 FY.	<b>SM: Infrastructure</b>

		Constructi on of sports fields at ward 25		SD 1.13. 1	Water reticulation, soccer pitch, grand stand and guard house complete <b>R8 996 682</b>	0	Fencing, soccer pitch, water reticulatio n complete. Storm water drainage, paramete r drain at 85%. Grand stand bases and columns in progress at 30%.	2	The superstructu re for guard house and ticket facility is completed, the contractor is busy with roof structure. The contractor has started with the electrical reticulation and therefore there has been delays due to inclement weather and late delivery of material.	The consultant will finalize the SMME packaging in order to fast track the progress on site by August 2019 and recovery plan will be submitted as such	<b>SM: Infrastructure</b>
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		Constructi on of sports fields at ward 2		SD 1.13. 2	1 Sports field constructed <b>R11 145 076.0 8</b>	0	Soccer and rugby pitch 95%. Race track 98 %, cricket pitch 70% netball pitch 70% building earthwork s 100%.	2	The appointed consultant designed more than the approved available budget which resulted in the target not being completed.	The municipality has applied for additional funding in 2019/20 FY.	<b>SM: Infrastructure</b>
	By constructin g communit y halls	Constructi on of new communit y halls	Number of superstructu re community halls constructed  (Mdwaka and Madwaleni) and completion of Xuba and Phathilizwe	SD 1.14	2 superstructure community halls constructed (Mdwaka and Madwaleni) <b>R5 000 000</b>	0	Madwale ni superstru cture has been complete d	2	Mdwaka community hall has been delayed due to late approval of shop drawings for steel structure but currently the supplier is in the	The still structure for Mdwaka has been installed and the project will be completed in the 2 <sup>nd</sup> quarter of 2019/20 FY.	<b>SM: Infrastructure</b>



			community halls.						process of installing the steel structure.		
		Completi n of Xuba and Phathilizw e communit y halls		SD 1.14. 1	2 final completion certificate for Xuba and Phathilizwe community halls. <b>R3 940 231.27</b>	0	2	3	N/A	N/A	<b>SM: Infrastructure</b>
	By providing communit y facilities with equipment	Communit y Facilities	Number of community facilities provided with equipment (Phathilizwe and Xuba)	SD 1.14. 2	2 Community facilities provided with equipment (Chairs) <b>R400 000</b>	10	0	1	The project was advertised and could not find a responsive service provider.	In the process of advertising and the project will be implemente d in the 2 <sup>nd</sup> - quarter of 2019/20 FY.	<b>SM: Community Services</b>
	By maintainin g	Maintenan ce of municipal buildings	Number of municipal buildings maintained	SD 1.15	8 municipal buildings maintained <b>R6 270 000</b>	4	10	3	N/A	N/A	<b>SM: Corp</b>

	Municipal buildings		(Dutywa, TRC, Dutywa Town, Executive House, Workshop Offices, VIC Offices, Elliotdale and Willovale Offices)								
		Supply Municipal drawings	Number of developed Municipal drawings for existing main building	SD 1.15. 1	1 municipal drawings developed for existing main building <b>R100 000</b>	N/A	1	3	N/A	N/A	<b>SM: Corp</b>
		Installation of carports	Number of carports installed  (Willowvale and Elliotdale)	SD 1.15. 2	4 carports installed in Willowvale and Elliotdale <b>R200 000</b>	N/A	2	2	The service provider is still busy with the installation of two carports in Elliotdale.	The target will be achieved in the first quarter of 2019/20 FY.	<b>SM: Corp</b>

		Installation of generators	Number of generators installed  Willowvale and Dutywa	SD 1.15.3	2 generators installed (W/Vale and Dutywa) <b>R400 000</b>	N/A	0	1	A responsive service provider was not found	Will re-advertise in the first Quarter of 2019/20 FY.	<b>SM: Corp</b>
	By building municipal offices	Construction of municipal offices	Building works constructed	SD 1.16	Ground floor at Window level complete <b>R11 099 341</b>	N/A	0	2	Site establishment, bulk earth works completed and site clearance 95%, floor slab 70%, and construction of columns for ground floor completed with beams at 85% for ground floor. Superstructure for ground floor is in	The consultant will finalize the SMME packaging in order to fast track the progress on site by August 2019 and ground floor and window level will be completed in the 2 <sup>nd</sup> quarter of 2019/20 FY.	<b>SM: Infrastructure</b>

									progress at 70%. Delays were due to hard rock identified on site and inclement weather.		
	By construction/ installing boreholes	Boreholes	Number of boreholes constructed in Elliotdale	SD 1.17	1 borehole constructed in Elliotdale <b>R250 000</b>	2	0	1	Couldn't find a responsive service providers	Will electrify the existing borehole and attach it to water tank that will be installed in the 1 <sup>st</sup> quarter of 2019/20 FY.	<b>SM: Corp</b>
	By Maintaining public ablutions	Maintenance of Ablution facilities	Number of ablution facilities maintained  (Ward 1,13,25)	SD 1.18	3 ablution facilities maintained <b>R500 000</b>	2	7	5		N/A	<b>SM: Community Services</b>

	By constructing animal pound	Animal pound	Number of animal pound constructed in Ward 1	SD 1.19	1 animal pound constructed in Ward1 <b>R352 495</b>	0	1	3	N/A	N/A	<b>SM: Infrastructure</b>
	By constructing ECDCs	Construction of ECDC	Number of ECDC's superstructure constructed	SD 1.20	Superstructure completed <b>R2 200 000</b>	Final design report	2	3	N/A	N/A	<b>SM: Infrastructure</b>
	By constructing transfer station	Dutywa transfer station	Number of transfer stations in construction (at Ward1)	SD 1.21	1 transfer station in construction (Ward 1) <b>R2 332 152.99</b>	0	0	1	The consultant has not yet commenced with the works as it is waiting for the revised appointment letter from the municipality	The matter has since been resolved and contractor to commence with the works on the 5 <sup>th</sup> of August 2019.	<b>SM: Infrastructure</b>

	By upgrading landfill site	Upgrade of Elliotdale landfill site	Number of landfill sites in construction (Ward 13)	SD 1.22	Constructed earthworks, lining and leachate tank completed <b>R2 000 000</b>	0	0	1	The project was planned to be implemented using municipal plant however the municipal plant was committed and the budget was not enough to outsource plant to be used for construction	The municipality decided to outsource the project in 2019/20 financial year due to commitment of municipal plant.	<b>SM: Infrastructure</b>
	By rehabilitating dump sites	Rehabilitation of Dutywa and Willowvale dump site	Number of dump sites rehabilitated IN W1,25	SD 1.23	2 dump sites rehabilitated IN W1,25 <b>R167 847.61</b>	Draft design report	0	1	The project was rearranged that the municipality should start with transfer station and as a result	The project will be prioritised after the completion of the transfer station and will be done	<b>SM: Infrastructure</b>

									the funding for the dump site was utilized for the transfer station which is in progress.	in 2020/21 FY.	
	By Improving quality of the livestock through infrastructure development.	Ngqatyana Shearing Shed	Number of shearing sheds built	SD 1.24	Appointment letter <b>R838 550</b>	0	1	3	N/A	N/A	<b>Senior Manager: Developmental Planning</b>
	By providing waste management services in an environmental friendly	Waste management services	Number of households serviced	SD 2.1	60124 households serviced <b>R3 050 000</b>	60124	60124	3	N/A	N/A	<b>SM: Community Services</b>

	and sustainable manner to all households of Mbhashe										
		Provision of Wheelly bins	Number of refuse bins provided to manage solid waste	SD 2.2	725 refuse bins provided to manage solid waste	N/A	9	1	There was no need for 725 wheelly bins to procure because other households have received wheelly bins in the previous financial year.	All the areas where refuse bins were to be procured are covered and the target has been fully implemented and is not part of 19/20 FY SDBIP.	<b>SM: Community Services</b>
	By providing law enforcement operations	Law enforcement operations	Number of law enforcement operations conducted	SD 2.3	36 law enforcement operations conducted <b>R754 000</b>	65	45	4	Due to collaboration with Provincial and National	N/A	<b>SM: Community Services</b>



	throughout Mbashe								DOT and SAPS.		
	By offering security services in all Municipal assets	Mbashe security services	Number of Municipal sites secured	SD 2.4	20 municipal sites secured <b>R10 000 000</b>	20	19	2	N/A	N/A	<b>SM: Community Services</b>
	By providing Christmas light to all towns	Christmas lights	Number of towns provided with Christmas light  Ward 1,13,25	SD 2.5	3 towns provided with Christmas light <b>R730 000</b>	3	3	3	N/A	N/A	<b>SM: Infrastructure</b>
	By providing rescue services throughout the seasons along the coast	Mbashe rescue services	Number of beaches provided with rescue services	SD 2.6	10 beaches provided with rescue services <b>R500 000</b>	10	10	3	N/A	N/A	<b>SM: Community Services</b>

Ensure maximum and adequate land use management practices by 2022	By Developing coherent spatial plans	Ward 22 and Ward 19 LSDF	Number of drafts LSDFs developed for Ward 19 and 22	SD 3.1	2 drafts LSDFs developed for Ward 19 and 22 <b>R554 500</b>	2	2	3	N/A	N/A	<b>SM: Developmental Planning</b>
	By Surveying properties	Surveying at Ward 1, 13, 25	Number of surveyed properties in Ward 1,13,25	SD 3.2	10 surveyed properties <b>R688 843</b>	0	10	3	N/A	N/A	<b>SM: Developmental Planning</b>
	By Developing and implementing measures in compliance with land use	Land Use Scheme	Number of Developed land use scheme for 3 towns of Mbhashe	SD 3.3	1 land use scheme developed for 3 towns of Mbhashe <b>R161 000</b>	0	1	3	N/A	N/A	<b>SM: Developmental Planning</b>
Ensure that all municipal properties are properly registered	By Continually updating lease register	Lease register	Number of property lease registers updated	SD 4.1	1 property lease registers updated <b>R0</b>	N/A	1	3	N/A	N/A	<b>SM: Developmental Planning</b>

and effectively used	By Reviewing compliance of the lease contracts entered into	Lease contract reviews	Number of Property lease contracts reviewed	SD 4.2	6 Property lease contracts reviewed <b>R0</b>	0	6	3	N/A	N/A	<b>SM: Development al Planning</b>
To ensure compliance with NBR and any applicable legislation by 2022.	By Complying with National Building Regulations and standards when approving Building Plans applications as per checklist	Building Controls	Turnaround time taken to approve submitted building plans	SD 5.1	90 days' time taken to approved submitted building plans <b>R0</b>	1	90 days	3	N/A	N/A	<b>SM: Development al Planning</b>
Facilitate development of sustainable	By facilitating the Provision	Upgrading of informal settlements	Number of informal settlement upgraded	SD 6.1	2 Engagement meetings with regard to provision of	1	0	1	Land claim, Resistance from Good hope	Project to be done in the next financial	<b>SM: Development al Planning</b>

and viable human settlements by 2022	of services to informal settlements		Ward 1,25		services to informal settlements <b>R154 432</b>				community and Resistance of people from affected informal settlements.	year 2019/2020 due to various reasons	
To ensure adherence to sound environmental practices and to protect environmentally sensitive areas by 2022	By Establishing new townships for human settlements development	Township establishment	Number of townships established  Ward 1,25	SD 6.2	2 townships established in Ward 1,25 <b>R884 647.38</b>	2	0	1	Ext 3 at ward 1 establishment has been done and ward 25 has not been done	The township establishment for ward 25 will be done in 2019/20 FY	<b>SM: Developmental Planning</b>
	By Implementing climate change mitigation strategy	Land rehabilitation	Number of areas covered with land rehabilitation	SD 7.1	1 area covered with land rehabilitation  Ward 1 <b>R330 000</b>	1	1	3	N/A	N/A	<b>SM: Developmental Planning</b>
		Tree planting and Urban Greening	Number of towns with tree planting	SD 7.2	3 towns with tree planting <b>R490 000</b>	16	3	3	N/A	N/A	<b>SM: Developmental Planning</b>

			Ward 1,13,25								
		Developm ent of Invasive Alien Plants manageme nt plan	Number of Developed Invasive Alien Plants managemen t plan	SD 7.3	1 Invasive Alien Plants management plan developed <b>R615 000</b>	3	1	3	N/A	N/A	<b>SM: Development al Planning</b>
		Environme ntal Awareness	Number of Environment al Awareness Programmes conducted	SD 7.4	3 Environmental Awareness Programmes undertaken <b>R575 394.24</b>	4	3	3	N/A	N/A	<b>SM: Development al Planning</b>
	<b>KPA 3: LOCAL ECONOMIC DEVELOPMENT 20%</b>										
To promote agrarian reform and increase food security to farming households by 2022	By funding, assistance and support given to emerging farmers	Ten (10) Ward profiles	Number of wards with agricultural profiles conducted	LED 1.1	10 wards with agricultural profiles conducted <b>R0</b>	10	10	3	N/A	N/A	<b>SM: Development al Planning</b>

		Maize production (40 Associations)	Number of farmers associations assisted with maize production inputs as per agreed concept	LED 1.2	40 farmers associations assisted with maize production inputs as per agreed concept <b>R1 830 000</b>	40	42	3	N/A	N/A	<b>SM: Developmental Planning</b>
		Fencing (Ncihana, Bolotwa, Xobo, Nkelekethe, Ngcingwane)	Number of farming projects supplied with fencing material at Ncihana, Bolotwa, Xobo, Nkelekethe, Ngcingwane	LED 1.3	5 farming projects supplied with fencing material at Ncihana, Bolotwa, Xobo, Nkelekethe, Ngcingwane <b>R500 000</b>	6	5	3	N/A	N/A	<b>SM: Developmental Planning</b>
		Ward 13 nursery, Ward 22 Nursery	Number of nurseries supported as per approved concept plan	LED 1.4	2 nurseries supported as per approved concept plan at ward 22 and ward 13 <b>R260 000</b>	2	2	3	N/A	N/A	<b>SM: Developmental Planning</b>

			at ward 13 and ward 22								
		Stock remedy	Number of ward based farming associations assisted with stock remedy	LED 1.5	32 ward based farming associations assisted with stock remedy <b>R500 000</b>	32	0	2	30 stock remedies provided to wards with stock remedy. Non collection of signed acknowledg ement letters	Stamped signed acknowledg ement letters has to be collected	<b>SM: Development al Planning</b>
		Sundwane and Fortmalan Feedlots	Number of village feedlots assisted as per approved concept plan at Sundwane and Fort- Malan villages	LED 1.6	2 village feedlots assisted as per approved concept plan at Sundwane and Fort- Malan villages <b>R187 300</b>	0	0	2	one feedlot not supported( Fort Malan Feedlot) due to local quarrels)	The Municipality will no longer continue with the support for the project.	<b>SM: Development al Planning</b>

		Ward 29 livestock commercialisation	Number of pilot programs undertaken for commercialization of livestock at Nqabara - Ward 29 and Ntlahlane - Ward 24	LED 1.7	2 programs undertaken for commercialization of livestock at Nqabara - Ward 29 and Ntlahlane - Ward 24 <b>R200 000</b>	N/A	2	3	N/A	N/A	<b>SM: Developmental Planning</b>
		Shearing shed equipment for Mbewuleni, Khasa, Tswelelitye	Number of shearing sheds supported with shearing shed equipment at Mbewuleni, Khasa, Tswelelitye	LED 1.8	3 shearing sheds supported with shearing shed equipment at Mbewuleni, Khasa, Tswelelitye <b>R195 000</b>	N/A	0	1	Attached the order as the procurement was done on the 28/06/2019, the service provider has not yet delivered.	The service provider has been appointed and target will be achieved in the 1 <sup>st</sup> quarter of 2019/20 FY.	<b>SM: Developmental Planning</b>



	By capacitating farmers to meet quality and safety requirements	Agricultural information days	Number of agricultural information days held for farmers	LED 1.9	10 agricultural information days held for farmers <b>R421 000</b>	24	19	5	Received more requests and also working with department of Agriculture.	N/A	<b>SM: Developmental Planning</b>
To ensure use of agricultural value chain to stimulate local economic development in deprived areas by 2022	By encouraging value chain and value addition through support given to emergent enterprises and high value crops	High Value Crops (Lemon grass, Moringa and Sorghum)	Number of High Value Crop enterprises supported with funding as per approved concept document (Lemon grass, Moringa and Sorghum)	LED 2.1	3 High Value Crop enterprises supported with funding as per approved concept document (Lemon grass, Moringa and Sorghum) <b>R2 549 000</b>	N/A	3	3	N/A	N/A	<b>SM: Developmental Planning</b>
To reduce poverty and unemployment through	By facilitating employment through	EPWP	Number of participants of the short term	LED 3.1	627 participants <b>R5 015 000</b>	1500		2	350		<b>SM: Community Services</b>

viable and sustainable job creation strategies by 2022	EPWP projects implementation		employment initiatives (EPWP and CWP)								
To encourage investment through viable investment strategies by 2022	By promoting investment	Investment brochure	Number of marketing tools for profiling agricultural, tourism and marine investment opportunities	LED 4.1	2 marketing tools for profiling agricultural, tourism and marine investment opportunities <b>R103 269.63</b>	N/A	0	1	It was advertised but no one was responsive	The target will be achieved in the 2 <sup>nd</sup> quarter of 2019/20 FY.	<b>SM: Developmental Planning</b>
To ensure reduction of employment rate through development and capacitation of enterprises by 2022	By installing hawker stalls	hawker stalls	Number of hawker stalls installed	LED 5.1	45 hawker stalls installed <b>R161 000</b>	60	45	3	N/A	N/A	<b>SM: Infrastructure Services</b>
	Capacitation and support of all forms of SMME's	SMMEs support	Number of SMME's supported with tools of trade as per approved concept plan	LED 5.2	35 SMME's supported with tools of trade as per approved concept plan <b>R1 560 000</b>	0	35	3	N/A	N/A	<b>SM: Developmental Planning &amp; SM: Infrastructure Services</b>

		Support of local SMMEs through procurement	% of the Mphashe budget to be allocated to SMMEs	LED 5.3	10% of the Mphashe budget to be allocated to SMMEs	N/A	73%	5		N/A	<b>SM: Developmental Planning &amp; CFO</b>
	By conducting and hosting roadshows	Road shows	Number of roadshows conducted for SMMEs as per approved concept plan	LED 5.4	4 roadshows conducted for SMMEs as per approved concept plan <b>R50 000</b>	10	4	3	N/A	N/A	<b>SM: Developmental Planning</b>
To ensure the unlocking of marine economic opportunities by 2022	By supporting marine economy activities.	Mncwasa Fishery and Tenza	Number of marine economic initiatives supported as per approved concept (Mncwasa and Tenza)	LED 6.1	2 marine economic initiatives supported as per approved concept document ( Mncwasa and Tenza) <b>R525 000</b>	1		1			<b>SM: Developmental Planning</b>

To position and promote Mbhashe as a tourist destination of choice by 2022	By using different marketing tools to market Mbhashe as tourism destination	Tourism internal and External events	Number of events hosted and attended	LED 7.1	4 events hosted and participated on <b>R835 000</b>	6	4	3	N/A	N/A	<b>SM: Developmental Planning</b>
	By supporting destination tourism through infrastructure development	Beaches	Number of Beaches assisted with Infrastructural program towards Blue Flag Status as per approved concept W22,32	LED 7.2	Report from DEA on 2 Beaches assisted with Infrastructural program towards Blue Flag Status as per approved concept (W22,32) <b>R150 000</b>	N/A	2	3	N/A	N/A	<b>SM: Developmental Planning</b>
	By supporting tourism operators	Tourism operator support	Number of tourism operators supported with exposure,	LED 7.3	3 tourism operators supported with exposure, training and funding as per	1	3	3	N/A	N/A	<b>SM: Developmental Planning</b>

			training and funding as per approved concept		approved concept <b>R1 196 671.39</b>						
Develop, maintain and market heritage properties/resources to attract tourists by 2022	By developing and maintenance of heritage properties	Heritage sites	Number of heritage properties maintained / developed as per approved concept	LED 8.1	5 heritage properties maintained / developed as per approved concept <b>R258 649.87</b>	5	5	3	N/A	N/A	<b>SM: Developmental Planning</b>
To maximize the creative industry sector's contribution to the regional economy by 2022	By supporting programs in the creative industry	Music Industry support	Number of creative arts programs supported as per approved concept	LED 9.1	1 creative arts program supported as per approved concept <b>R200 000</b>	1	0	1	The project was advertised several times and there was no responsive service provider	This target will no longer be implemented.	<b>SM: Developmental Planning</b>

To ensure sustainable development and management of the forest resources to provide environmental, social and economic benefits to communities by 2022	By facilitating transformation of plantations from jungles to productive timber plantations	Forestry development	Number of facilitated sessions for transferring forestry to communities (Ward 30)	LED 10.1	1 facilitated session for transferring forestry to communities <b>R100 000</b>	1	1	3	N/A	N/A	<b>SM: Developmental Planning</b>
	<b>KPA 4: MUNICIPAL FINANCIAL VIABILITY 10%</b>										
STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET		2017/18 ACTUAL PERFORMANCE	RATING	REASONS FOR DEVIATION	REMEDIAL ACTION	RESPONSIBILITY
To ensure compliance with budget and reporting	By Budgeting according to IDP priorities	mSCOA Implementation	% alignment of 2019/20 Budget to approved IDP	MFV 1.1	100% alignment of 2019/20 Budget to the	2018/19 IDP aligned Budget which is	Approved budget for 2019/20 FY	3	N/A	N/A	<b>CFO</b>

regulations and other reforms.					approved IDP <b>R 1 500 000</b>	mSCOA compliant					
	By ensuring budget process and format is in compliance with budget & reporting regulation.		Number of Monthly financial reports (Sec 71 , 52 and grant reports) submitted to Mayor and Treasury on the 10th working day of each month	MFV 1.2	28 Monthly financial reports (Sec 71 , 52 and grant reports) submitted to Mayor and Treasury on the 10th working day of each month <b>R0</b>	Sec 71 reports & grant reports to NT from July 2017- June 2018 are submitted	28	3	N/A	N/A	<b>CFO</b>
	To ensure effective, compliant and credible financial planning, management and reporting by 2022	Municipal Viability	Financial Viability as expressed by Cost Coverage Ratio (B+C)÷D  B represents all available cash at a	MFV 1.3	1:1	N/A	4:1	5	Exceeded the revenue collection target as well as stringent cost containment measures on operational expenditures without	N/A	<b>CFO</b>

	and beyond.		particular time  C represents investments  D represents monthly fixed operating expenditure						compromising the service delivery targets.		
To generate AFS that fairly present the financial position, financial performance and cash flows.  To ensure that all the properties within the municipal areas are valued for rating purposes as	By compiling AFS that fairly present the financial position, financial performance and cash flows.	Annual Financial Statements	Number of material audit queries raised by AG on the 2017/18 Annual Financial Statement.	MFV 2.1	Zero qualification paragraphs raised by AG on 2017/18 annual financial statement <b>R7 370 000</b>	N/A	0	3	N/A	N/A	<b>CFO</b>
	By ensuring that all valued properties	General Valuation Roll	% billable properties included in the municipal billing system as	MFV 3.1	100% billable properties included in the municipal billing system as per the supplementary	Annual list of transfers, title deed report and 4th	100%	3	N/A	N/A	<b>CFO</b>



per the 2014-19 GVR	are billed timeously		per the supplementary Valuation Roll		Valuation Roll <b>R600 000</b>	supplementary valuation roll					
To alleviate poverty to improve quality of household life.	By implementing and adherence to credit control policy and procedures to remain efficient and effective.	Collection on Billed Revenue  Free Basic Services	% of billed income collected	MFV 3.2	80 % of billed income collected <b>R1 000 000</b>	N/A	80%	3	N/A	N/A	<b>CFO</b>
	By investigating and advising on poor households to participate in indigent support program.		Number of indigent register updated	MFV 4.1	1 Updated Indigent Register <b>R7 090 080</b>	Updated Indigent Register	1	3	N/A	N/A	<b>Senior Manager: Community Services</b>

	By Utilizing equitable share to support Indigent Households.		% portion of equitable share allocated for free basic services	MFV 4.2	3.8 % portion of equitable share allocated for free basic services	Expenditure report which indicates the total amount of R8 284 950 spent on waste collection and free basic service electricity provided to households in all 32 wards.	118%	3	N/A	N/A	<b>Senior Manager: Community Services</b>
			Number of estimated indigent households collecting free basic services: Alternative Energy Sources	MFV 4.3	1000 indigent households collecting free basic services: Alternative Energy Source	Eskom Distribution List on number of household provided with free	0	1	The department does not issue alternative energy. The project belongs to community	The target will be adjusted during mid-term of 2019/20 FY	<b>SM: Infrastructure Services</b>

						basic service electricity each household receiving 50KWH units			services department		
Value for money expenditure	By ensuring timeous payment of creditors in compliance with SCM procedures and the MFMA	Expenditure & Payroll Management	Turnaround time for paying creditors	MFV 5.1	30 days' time for paying creditors <b>R2 190 000</b>	Age analysis report, Petty cash register, Incoming register, section 66 report are submitted. The reports illustrate spending that has been occurred	30 days	3	N/A	N/A	<b>CFO</b>

	Implement ation of the Workplace Skills Plan	Expenditur e Managem ent	% budget spent on implementin g Workplace Skills Plan	MFV 5.2	100% budget spent on implementatio n of Workplace Skills Plan <b>R100 000</b>	N/A	0	3	N/A	N/A	<b>SM: Corp</b>
Efficient, effective and economical supply chain managemen t	By complying with Supply Chain Regulation s and National Treasury guidelines on procureme nt processes	Expenditur e Managem ent	% expenditure of capital budget on received conditional Grants	MFV 6.1	% expenditure of capital budget on received conditional Grants <b>R85 923 000</b>	N/A	100%	3	N/A	N/A	<b>CFO, Infrastructure, Community services &amp; Corporate Services</b>
<b>STRATEGIC OBJECTIVE</b>	<b>STRATEGY</b>	<b>PROJECT</b>	<b>INDICATOR</b>	<b>INDIC ATOR NO</b>	<b>ANNUAL TARGET/ANNU AL BUDGET</b>		<b>2017/18 ACTUAL PERFORM ANCE</b>	<b>RATING</b>	<b>REASONS FOR DEVIATION</b>	<b>REMEDIAL ACTION</b>	<b>RESPONSIBILITY</b>
	<b>KPA 5 GOOD GOVERNANCE AND PUBLIC PARTICIPATION 20%</b>										

To ensure clean and accountable governance in the municipality by 2022	By identifying, assessing, prioritizing and monitoring risk exposure both on strategic and operational levels	Strategic and Operational Risk registers	Number of approved and updated risk registers submitted to the Risk committee	GGP 1.1	9 quarterly fraud , ICT , operational(6) risk registers and 1 Strategic Risk register submitted to the Risk Committee <b>R52 000</b>	The target is partially achieved. The means of verification as per POE are as follows  Insufficient evidence submitted as the fraud risk register was not submitted only the Approved Strategic Risk Register, 6 Operational Risk Registers	9	3	N/A	N/A	<b>SM: OPERATIONS</b>
	By developing	Legal cases	Number of reports on	GGP 1.2	1 report on legal matters	The target is	1	3	N/A	N/A	<b>SM: OPERATIONS</b>

	municipal litigation register.		legal matters (litigations) and their status with financial implications		and their status with financial implications and legal opinion <b>R12 030 000</b>	<p>achieved. The means of verificatio n as per POE are as follows</p> <p>Litigation register on the number of legal cases that were defended in court, number of cases that are pending, Number of legal cases that have been finalised and non- litigious cases. The following serves as</p>					
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						an example  Defended cases in court: 38  Pending: 45  Finalised: 12  Non litigation: 3					
	By developing a risk based internal audit plan	Internal Audit Documents	Number of approved Internal Audit risk plan	GGP 1.3	1 Approved Internal Audit risk Plan <b>R28 000</b>	1	1	3	N/A	N/A	<b>SM: OPERATIONS</b>
	By conducting audits as per approved Internal Audit	Internal Auditing	Number of Audit reports produced as per approved Audit Plan	GGP 1.4	14 Internal Audit reports produced as per the Audit Plan submitted to the Audit	14	14	3	N/A	N/A	<b>SM: OPERATIONS</b>

	Annual Plan		submitted to the Audit Committee		Committee <b>R506 000</b>						
	By coordinating the sitting of council oversight structures	Convening of oversight structures meetings	Number of meetings held by council structures in 2018/19	GGP 1.5	50 meetings held by council structures in 2018/19 <b>R490 000</b>	131	78	4	There were special meetings that took place during the financial year and budget was adjusted during Mid-term in-order to meet all the meetings that were planned and budgeted for.	N/A	<b>SM: OPERATIONS</b>
	By ensuring full operation of satellite units	Management of satellite units	Number of reports on the functionality of Satellite Offices(Willo	GGP 1.6	8 reports on the functionality of Satellite Offices (Willowvale	N/A	8	3	N/A	N/A	<b>SM: OPERATIONS</b>



			wvale and Elliotdale)		and Elliotdale) <b>R0</b>						
To ensure compliance with legislation	By developing and reviewing Institutional policies, strategies, plans and by-laws	Developm ent of Policies	Number of policies Developed	GGP 2.1	6 policies developed <b>R0</b>	24	0	2	4 policies were developed		<b>SM Corporate Services, SM Operations and SM Community Services</b>
		Developm ent of strategies and plans	Number of strategies/pl ans developed	GGP 2.2	1 strategy/plans developed <b>R0</b>	N/A	0	1	There was no strategy/plans that was identified to be developed.	LED strategy only needs reviewal and there was an error done when crafting the target.	<b>SM Development al Planning</b>
		Reviewal of policies	Number of reviewed policies	GGP 2.3	64 reviewed policies <b>R0</b>	89	64	3	N/A	N/A	<b>ALL HOD's</b>
		Reviewal of strategies and plans	Number of reviewed strategies/Plans	GGP 2.4	6 reviewed strategies/Plans <b>R0</b>	1	6	3	N/A	N/A	<b>SM Infrastructure, CFO and SM</b>

											Corporate Services
		Reviewal of By-Laws	Number of By-laws reviewed	GGP 2.5	2 By-laws reviewed <b>R0</b>	30	2	3	N/A	N/A	Senior Manager: Developmental Planning and Senior Manager: Community Services and Chief Financial Officer
		Development of By-Laws	Number of By-laws developed	GGP 2.6	1 By-law developed <b>R0</b>	3	1	3	N/A	N/A	SM Developmental Planning
To strengthen IGR participation and influence to improve collaboration with the sector	By strengthening the functionality of IGR	Co-ordination of IGR meetings	Number of IGR meetings coordinated	GGP 3.1	4 IGR meetings coordinated <b>R38 000</b>	4	4	3	N/A	N/A	SM: OPERATIONS

departments by 2022											
To advocate participation of designated groups in governance and socio economic development program	By implementing annual plans of designated groups in line with SPU strategy	Programmes for Designated groups as per SPU Strategy	Number of programs implemented for designated groups	GGP 4.1	20 Programmes for Designated groups to implemented <b>R400 200</b>	26	21	3	N/A	N/A	<b>SM: OPERATIONS</b>
	By implementing annual plans of designated groups in line with HIV/AIDS, Sti and TB Strategy implementation plan	Programmes as per HIV/Aids, STI & TB Strategy Implementation Plan	Number of programmes as per HIV/AIDS, STI and TB strategy Implementation plan	GGP 4.2	4 programmes as per HIV/AIDS, STI and TB strategy Implementation plan <b>R80 000</b>	HIV/AIDS Strategy adopted by Council	4	3	N/A	N/A	<b>SM: OPERATIONS</b>
To ensure strategic development,	By developing IDP	Development of IDP	Date on which the 2019/20 reviewed	GGP 5.1	2019/20 IDP submitted to Council for approval by	2018/19 IDP submitted to Council	2019/20 Approved IDP	3	N/A	N/A	<b>SM: OPERATIONS</b>

coordinated, integrated planning, budgeting, reporting and legislative compliance on governance matters			IDP is submitted to Council for approval		31st May 2019 <b>R1 052 404.57</b>	for approval					
	By developing SDBIP	Development of SDBIP	Number of days by which the 2019/20 SDBIP is submitted to the Mayor for approval	GGP 5.2	2019/20 SDBIP submitted to the Mayor for approval by the 28th day after approval of the budget <b>R0</b>	2018/19 SDBIP submitted to the Mayor for approval	2019/20 approved SDBIP	3	N/A	N/A	<b>SM: OPERATIONS</b>
To enhance and promote communication in all municipal activities	By implementing communication strategy and communication plan	Implementation of communication plan as per communication strategy	Number of programs implemented as per communication plan	GGP 6.1	16 programs implemented as per communication plan <b>R1 005 000</b>	40	33	5	There were additional adverts that were advertised.	<b>N/A</b>	<b>SM: OPERATIONS</b>
	By managing customer queries	Customer Care Management	Develop an Updated customer care register	GGP 6.2	Developed Updated Customer Care Register <b>R140 000</b>	1	1	3	N/A	N/A	<b>CFO</b>

	By improving branding and signage of municipal properties	Branding of Municipal Assets	Number of municipal assets branded	GGP 6.3	26 municipal assets branded <b>R300 000</b>	19	32	3	N/A	N/A	<b>SM: OPERATIONS</b>
To ensure that all stakeholders participate in the affairs of the municipality	By strengthening of community participation on structures	Ward Committee reports	Number of status quo reports on Ward Committees	GGP 7.1	4 status quo reports on Ward Committees <b>R0</b>	4	4	3	N/A	N/A	<b>SM: OPERATIONS</b>
		Establishment of PSC's	Number of PSC meetings held	GGP 7.2	19 PSC meetings held <b>R0</b>	4	26	4	There were additional projects which resulted to the formation of additional PSC's.	N/A	<b>Senior Manager: Infrastructure and Senior Manager: Community Services and Senior Manager: Developmental Planning</b>

		Engagement meetings - War rooms be specific in naming the meeting	Number of reports on war rooms and engagement meetings coordinated	GGP 7.3	4 reports on war rooms and engagement meetings coordinated <b>R695 800</b>	N/A	4	3	N/A	N/A	<b>SM: OPERATIONS</b>
		Community Imbizo;s	Number of community imbizo's held in 3 towns (Dutywa, Elliotdale and Willowvale)	GGP 7.4	3 community imbizo's held in 3 towns (Dutywa, Elliotdale and Willowvale) <b>R870 000</b>	N/A	3	3	N/A	N/A	<b>SM: OPERATIONS</b>
		FORA meetings	Number of fora meetings (Community Safety etc) held in 2018/19	GGP 7.5	4 fora meetings (Community Safety, transport forum, roads forum and disaster management forum) held in	N/A	7	3	N/A	N/A	<b>Senior Manager: Infrastructure and Senior Manager: Community Services</b>

					2018/19 R0						
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## **PERFORMANCE OF SERVICE PROVIDERS DURING THE 2018/2019 FINANCIAL YEAR**

### **INTRODUCTION**

Municipalities are required to assess the performance of service providers appointed in each financial year. In this regard, an internal performance assessment was conducted by Section 56 managers on various projects targeted for the 2018/19 financial year. Service Providers and Contractors are rated on the following categories:

**Below Standard** - The Contractor/Service Provider did not meet the basic requirements as spelt out in the tender or contract. This may result in the contract being cancelled and/or the retention fee being withheld from the contractor. The Contractor may be asked to rectify the problem or the contract may be cancelled and another Contractor/Service Provider may be appointed to complete the contract/ project.

**Acceptable performance**- The Contractor/Service Provider completed the project and met the basic requirements of the tender/contract. The standard of work was good enough, passable or adequate in terms of the requirements by the MLM.

**Excellent performance**- The Contractor/Service Provider completed the work above the standard required. The requirements of the tender were achieved above the expectation of the MLM. There is a high quality of work and outstanding results were achieved.

### **ANALYSIS OF THE SUPPLY CHAIN MANAGEMENT BID PROCESS WITHIN MLM**

Number of Bids on Contract Register	Number of Awards made current year	Number of completed projects	Number of Bids in Tendering Process	Number of projects still in progress	Cancelled Projects
228	24	138	0	88	2

The purpose of this analysis is to determine the percentage of bids awarded as at the end financial year. This assessment is used to measure the effectiveness of the Mbhashe Local Municipality's Supply Chain processes.



### **Results of performance assessment of service providers**

Below Standard – 0.8%

Of all the projects awarded, as at 30 June 2019 in terms of performance levels the following summary reflects the number of projects rated as below standard.

Acceptable performance – 99.2%

Of all the projects awarded as at **30 June 2019** in terms of performance levels the following summary reflects the number of projects rated as acceptable.

**Excellent performance – 0%**

Of all the projects awarded, as at **30 June 2019** in terms of performance levels the following summary reflects the number of projects rated as excellent.

A copy of the Contract Register for the 2018/19 financial year is attached hereto as **Annexure “A”**

## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

### (PERFORMANCE REPORT PART II)

#### INTRODUCTION

The organizational Development is a key transformation agent dealing with the structure of the Municipality to ensure that it remains aligned to its strategy, job evaluation process and change management philosophy. Organizational Development as a function is placed under Corporate Services Department

#### COMPONENT A: INTRODUCTION TO MUNICIPAL PERSONNEL

##### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Mbhashe Local Municipality currently employs 282 officials, who individually and collectively contribute to the achievement of Municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

#### TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year -1	Year 0	Employees No.	Vacancies No.	Vacancies %
	Employees	Approved Posts			
	No.	No.			
Electricity	2	7	6	1	15%
Solid Waste Management	105	115	108	7	6.5%
Housing	12	9	7	2	22%
Infrastructure	47	45	41	4	29%
Local Economic Development	4	4	2	2	50%
ICT	6	5	3	2	40%
Archives	4	7	7	0	0%
Human Resource Services	27	21	21	0	0%
BTO Services	35	25	23	2	8.5%
Police	15	14	11	3	16.7%

Law Enforcement	20	17	16	1	6.3%
Licensing Services		8	6	2	58%
Municipal Managers Office		47	31	16	38%
Total	208	366	271	97	27%

Vacancy Rate: Year 0			
Designations	*Total Approved Posts  No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0%
CFO	1	0	0%
Other S57 Managers (excluding Finance Posts)	5	0	0%
Traffic and Law Enforcement officers	27	3	11%
Fire fighters	0	0	0%
Middle management: Levels 13-15 (excluding Finance Posts)	14	1	7.14%
Middle management: Levels 13-15 (Finance posts)	2	0	0%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	54	8	15%
Highly skilled supervision: levels 9-12 (Finance posts)	9	0	0%
<b>Total</b>	<b>113</b>	<b>12</b>	<b>11%</b>

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
Year -2	15	2	15%
Year -1	117	2	19%
Year 0	18	16	5.6%

#### COMMENT ON VACANCIES AND TURNOVER OVERALL

Mbhashe Local Municipality has managed to recruit 18 employees in the 2018/19 financial year. Resignation (7), Retirement (2), Disciplinary (0), Incapacity (0), Deceased (5), End of contract (2).

### COMPONENT B MANAGING THE MUNICIPAL WORKFORCE

#### 4.2.1 POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Recruitment and Selection Policy	100%	100%	26/06/2019
2	Subsistence and travelling Policy	100%	100%	26/06/2019
3	Vehicle Usage Policy	100%	100%	26/06/2019
4	Study Assistance Policy	100%	100%	26/06/2019

5	Career Path and Succession Planning Policy	100%	100%	26/06/2019
6	Employment Equity Plan	100%	100%	12/12/ 2018
7	Employment Equity Policy	100%	100%	26/06/2019
8	Acting Allowance Policy	100%	100%	26/06/2019
9	Transfer and Demotion Policy	100%	100%	26/06/2019
10	Training and Development Policy	100%	100%	26/06/2019
11	Leave Policy	100%	100%	26/06/2019
12	Internship Policy	100%	100%	26/06/2019
13	Overtime Policy	100%	100%	26/06/2019

#### 4.2.2 COMMENT ON WORK FORCE POLICY DEVELOPMENT

During the period under review, thirteen (23) policies have been reviewed. This was done through a transparent and consultative process, involving Councilors through a workshop and Labour through the Local Labour Forum. The reviewed and newly developed policies went to council for adoption before implementation.

#### 4.2.3 INJURIES, SICKNESS AND SUSPENSIONS

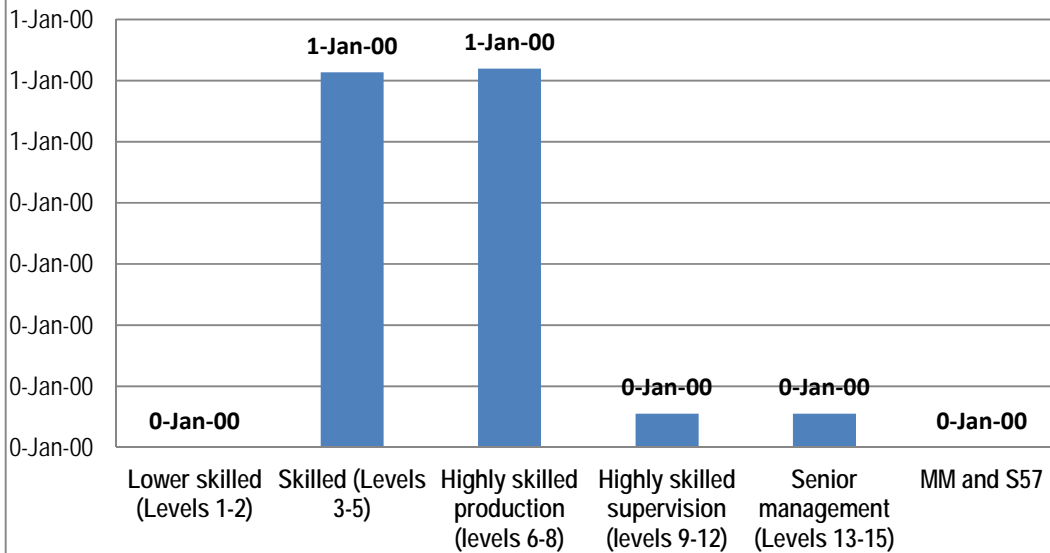
6 Injuries reported this financial year. 5 EPWP employees encountered some injuries while on duty and were attended to through an occupational medical practitioner. 1 permanent employee also suffered occupational injury which also contributed to the number of occupational related incidents. All these injuries have been submitted to the Compensation Fund. We are continuously encouraging our employees to contribute towards an accident free environment through our employee induction programmes. The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

**COMMENT ON INJURY AND SICK LEAVE**

Salary band	Total sick leave  Days	Proportion of sick leave without medical certification %	Employees using sick leave  No.	Total employees in post*  No.	*Average sick leave per Employees  Days	Estimated cost  R' 000
Lower skilled (Levels 1-;2)						
Skilled (Levels 3-5)	255	15%	15	87	1.13	
Highly skilled production (levels 6-8)	160	18%	12	105	1.11	
Highly skilled supervision (levels 9-12)	152	20%	12	55	1.05	
Senior management (Levels 13-15)	40	6%	9	15	0.49	
MM and S57	25	0%	4	7	1.56	
<b>Total</b>	<b>632</b>	<b>0%</b>	<b>52</b>	<b>269</b>	<b>5.34</b>	<b>0</b>

There were 6 reported injuries in the workplace and 5 are EPWP employees. OHS committee is in place to monitor and advice on health and safety remedial actions. The municipality is actively affiliated to the Compensation Fund. Sick leave administration was a challenge which was caused by non-activation of the HR module on the new MSCOA system. Implementation of HR Module on the MSCOA Module has been partially implemented and training has been conducted to HR personnel.

### Average Number of Days Sick Leave (excluding IOD)



Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
N/A	N/A	N/A	N/A	N/A

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
N/A	N/A	N/A	N/A

#### **4.2.4 PERFORMANCE REWARDS**

In terms of regulation 8 of the Local Government: Municipality Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers.

All Senior Managers appointed in terms of Section 56 of the MSA are on fixed-term performance contracts. All Senior Managers have signed Performance Agreements. Performance assessments have been conducted but no performance rewards were paid.

The individual performance management system has been cascaded down to the second reporting line of managers and officers reporting to them. Currently no performance bonus paid. This will be implemented once the organization achieves the necessary performance management maturity level.

### **COMPONENT C: CAPACITATING THE MUNICIPAL WORK FORCE**

#### **INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT**

Section 68(1) of the MSA states that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose the human resource capacity of a Municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

One of the key programmes was the implementation of the Workplace skills Plan wherein employees and unemployed youth were trained and acquired skills. A plan was developed and submitted to the Local Government SETA. Some capacity building programmes were implemented in the year for both officials and councilors. Unemployed graduates were taken in as Learners in departments to assist them with workplace exposure. In line with the Council's Bursary scheme, a considerable number of employees were offered bursaries to further enhance themselves.



#### 4.2.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual : End of Year - 1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target
MM and s57	Female	3	0	0	1	1	0	12	1	0	4	1	0	0
	Male	4	2	0	0	6	0	0	1	0	0	9	0	0
Councillors,	Female	28	2	0	0	4	0	12	19	0	4	25	0	0
	Male	47	3	0	0	0	0	0	40	0	0	43	0	0
Managers	Female	3	0	0	0	2	0	12	0	0	4	2	0	0
	Male	13	2	0	0	8	0	0	3	0	0	13	0	0
Technicians and associate professionals*	Female	6	0	0	0	3	0	12	2	0	4	5	0	0
	Male	5	0	0	0	5	0	0	1	0	0	6	0	0
Professionals	Female	22	0	0	0	0	0	12	2	0	4	2	0	0
	Male	13	0	0	0	0	0	0	3	0	0	3	0	0
Elementary	Female	31	0	0	0	5	0	12	10	0	4	15	0	0
	Male	38	0	0	0	1	0	0	8	0	0	9	0	0
Sub total	Female	59	0	0	0	0	0	12	42	0	4	42	0	0
	Male	78	0	0	0	0	0	0	56	0	0	56	0	0
Total		152	0	0	0	15	0	0	76	0	0	91	0	0

Total number of trained staff =163

Total number trained for councillors=35

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>						
<i>Accounting officer</i>	1	0	1	0	1	1
<i>Chief financial officer</i>	1	0	1	0	1	1
<i>Senior managers</i>	6	0	5	0	5	5
<i>Any other financial officials</i>	8	0	8	0	0	5
<b>Supply Chain Management Officials</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>4</b>
<i>Heads of supply chain management units</i>	0	0	0	0	0	0
<i>Supply chain management senior managers</i>	1	0	0	0	0	0
<b>TOTAL</b>	<b>21</b>	<b>0</b>	<b>21</b>	<b>0</b>	<b>7</b>	<b>16</b>

#### COMMENT ON SKILLS DEVELOPMENT AND TRAINING

The municipality achieved its targets on skills development. Employees participated in skills development programs including academic programs. The municipality also made available funding that assisted in the achievement. The municipality got approval from TETA for 17 bursaries for employees. The municipality also applied for funding from the other SETAs.

## COMPONENT D: MANAGING WORKFORCE EXPENDITURE

### INTRODUCTION TO WORKFORCE EXPENDITURE

The municipality has ensured that the workforce expenditure is kept within the accepted proportions in relation to capital expenditure. Grants meant for service delivery are not used for operational expenditure.

### 4.6 EMPLOYEE EXPENDITURE

#### WORKFORCE EXPENDITURE TRENDS (R. 000)

Financial year	Amount
Year 0	R112 994 309
Year -1	R 111 772 808
Year -2	R 801 972
Year -3	R 56 989 063.95

#### NUMBER OF EMPLOYEES WHOS SALARIES WERE INCREASED DUE TO THE POSITIONS BEING UPGRADED

None

#### DISCLOSURE OF FINANCIAL INTEREST BY EMPLOYEES

All section 56 managers, all Bid Committee members, Employees and SCM officials have declared their financial interest.

## Chapter: Organizational Transformation and Institutional Development –KPA 1

Annual performance as per key performance indicators in municipal transformation and organizational development

### CHAPTER 5 – FINANCIAL PERFORMANCE

#### INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. Chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

#### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

##### INTRODUCTION TO FINANCIAL STATEMENTS

The annual financial statements have been prepared on the accrual basis of accounting and in accordance with historical cost convention, unless otherwise specified. The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No. 56 of 2003). The principle accounting policies adopted in the preparation of the annual financial statements are set out in the annual financial statements contained in this document. The financial statements have been prepared based on the accounting policies that the municipality deems to be appropriate for the activities of the municipality and have been applied consistently in all respects from the previous financial years.

##### 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

###### COMMENT ON FINANCIAL PERFORMANCE:

The municipality recorded under spending due to amongst thing, delays in SCM processes, slow recruitment processes on filling of posts, poor spending patterns on internally funded projects.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019			
<b>Revenue</b>	<b>Note(s)</b>	<b>2019</b>	<b>2018</b>
Service charges	17	912,221	673,224
Rental of facilities and equipment	18	2,380,605	3,312,764
Interest received (trading)	16	1,923,504	2,621,875
Other Income	19	3,312,542	2,473,876
Interest Earned	20	3,252,067	2,496,712
Assesment rates	21	11,396,251	9,693,917
License and Permits		735,331	1,293,360
Grants and subsidies	22	311,575,340	299,118,709
Fines and Penalties		2,272,080	2,497,708
		<b>337,759,941</b>	<b>324,182,145</b>
<b>Expenditure</b>			
Employee related costs	23	(118,814,144)	(121,884,355)
Remuneration of Councillors	24	(25,618,098)	(25,088,557)
Depreciation and amortisation	25	(55,483,632)	(57,428,947)
Finance costs	26	(849,412)	(3,911,378)
Debt Impairment	27	(557,855)	(3,480,684)
Administrative and other expenditure	28	(94,065,153)	(123,823,310)
<b>Total Expenditure</b>		<b>(295,388,294)</b>	<b>(335,617,231)</b>
<b>Operating surplus(deficit)</b>		<b>42,371,647</b>	<b>(11,435,086)</b>
Profit/(Loss) on disposal of assets		(49,392)	-
<b>Surplus(Deficit) for the year</b>		<b>42,322,255</b>	<b>(11,435,086)</b>

<b>STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019</b>			
<i>Figures in Rand</i>			
<b>Assets</b>	<b>Note(s)</b>	<b>2019</b>	<b>2018</b>
Current Assets			
Receivables from exchange transactions	8	392,534	362,182
Receivables from non-exchange transactions	9	978	52,496
VAT Receivable	10	4,055,890	3,477,196
Consumer debtors	11	11,529,232	5,566,429
Cash and cash equivalents	12	17,288,543	6,088,359
		<b>33,267,177</b>	<b>15,546,662</b>
Non-Current Assets			
Investment property	2	33,511,900	33,511,900
Property, plant and equipment	3	568,118,061	554,197,488
Intangible assets	4	1,313,182	1,730,318
Heritage assets	5	11	11
		<b>602,943,154</b>	<b>589,439,717</b>
<b>Total Assets</b>		<b>636,210,331</b>	<b>604,986,379</b>
<b>Liabilities</b>			
Current liabilities			
Payables from exchange transactions	15	20,369,075	39,110,207
Employee benefit obligation	7	631,185	496,797
Unspent conditional grants and receipts	13	5,624,274	-
		<b>26,624,534</b>	<b>39,607,004</b>
Non-Current Liabilities			
Employee benefit obligation	7	4,288,244	3,828,917
Provisions	14	11,371,056	10,406,487
		<b>15,659,300</b>	<b>14,235,404</b>
<b>Total Liabilities</b>		<b>42,283,834</b>	<b>53,842,408</b>
<b>Net Assets</b>		<b>593,926,497</b>	<b>551,143,971</b>
Accumulated surplus		593,926,497	551,143,971

## 5.2 GRANTS

Grants Performance						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	239,341,779.00	241,122,000.00	241,122,000.00	241,122,000.00	0%	0%
Equitable share	218,025,000.00	225,391,000.00	225,391,000.00	225,391,000.00	0%	0%
Expanded Public Works Programme	4,236,000.00	5,015,000.00	5,015,000.00	5,015,000.00	0%	0%
Municipal Finance Management Grant	1,700,000.00	1,770,000.00	1,770,000.00	1,770,000.00	0%	0%
Intergrated Electrification Programme	14,000,000.00	8,946,000.00	8,946,000.00	8,946,000.00	0%	0%
Other government grants	1,380,779.00	-	-	-	0%	0%
Provincial Government:	1,749,930.00	600,000.00	600,000.00	261,340.00	56%	56%
Library Grant	350,000.00	500,000.00	500,000.00	159,888.00	68%	68%
Service SETA Grant	1,399,930.00	100,000.00	100,000.00	101,452.00	-1%	-1%
Total Operating Transfers and Grants	241,091,709.00	241,722,000.00	241,722,000.00	241,383,340.00	0%	0%

### 5.3 ASSET MANAGEMENT

#### INTRODUCTION TO ASSET MANAGEMENT

Repair and Maintenance Expenditure: Year 0				
				5R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	13 800 000	13 800 000	16 181 853	117%

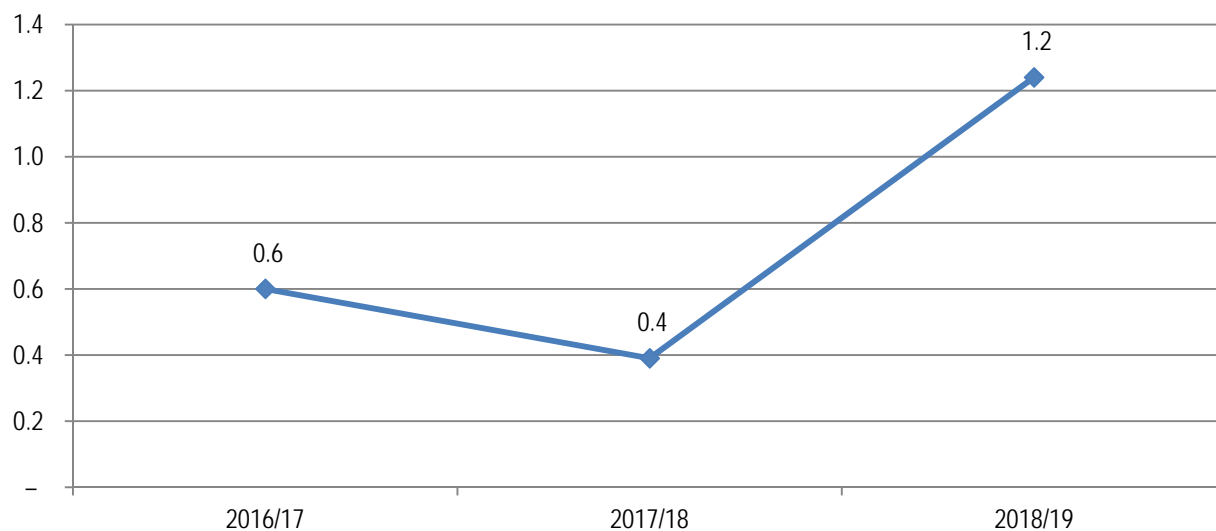
#### COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

The municipality was able to spend 100% of its Repairs and Maintenance budget for the financial year ended 30 June 2019. The excess expenditure relates to Repairs and Maintenance expenditure that was funded from other expenditure budget items.



**5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS: T5.4.1-T5.4.9**

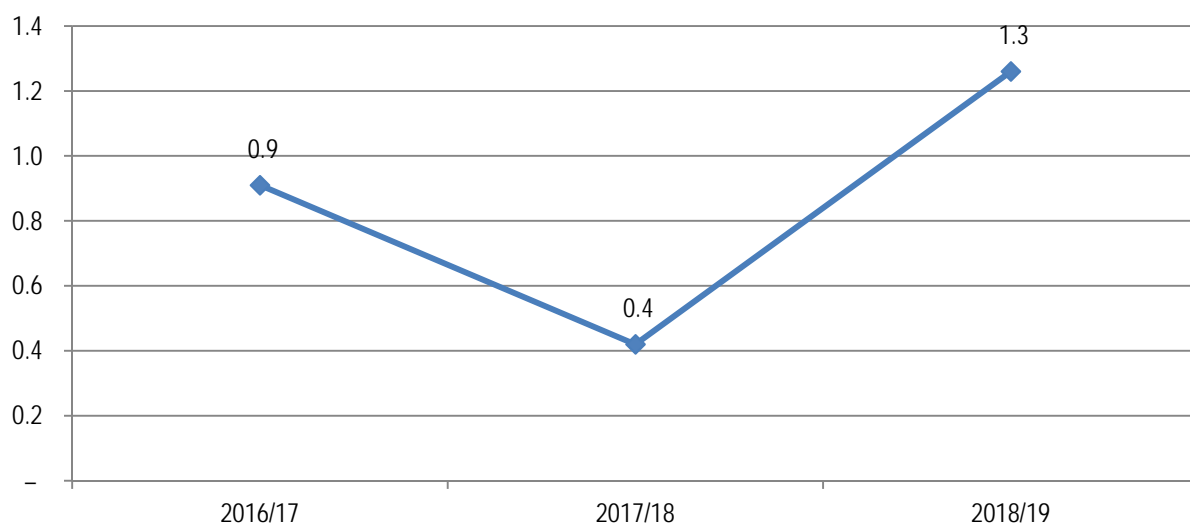
## Liquidity Ratio



Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year ) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRR SA8

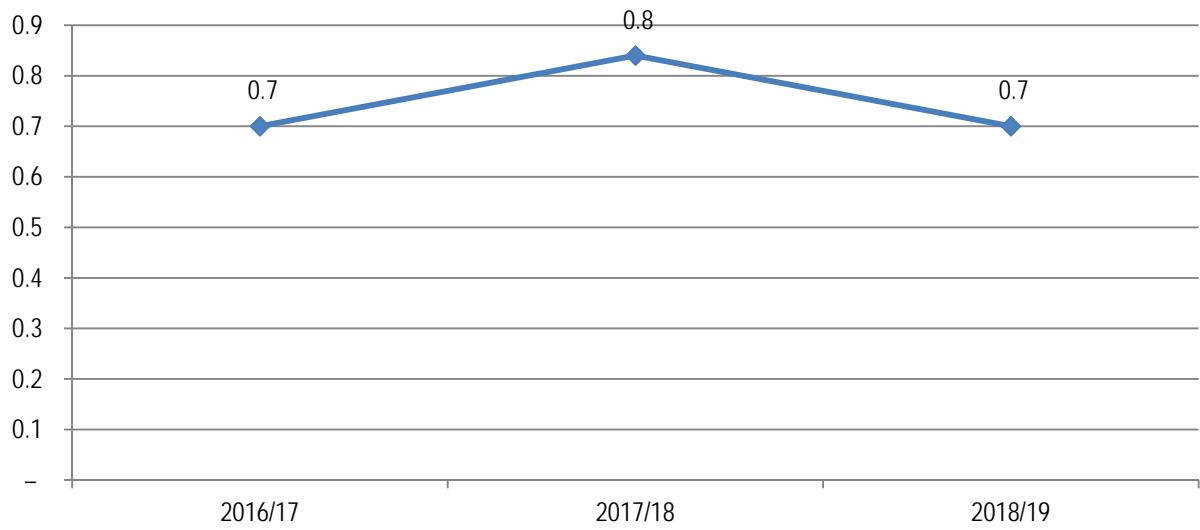
## Cost Coverage



Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

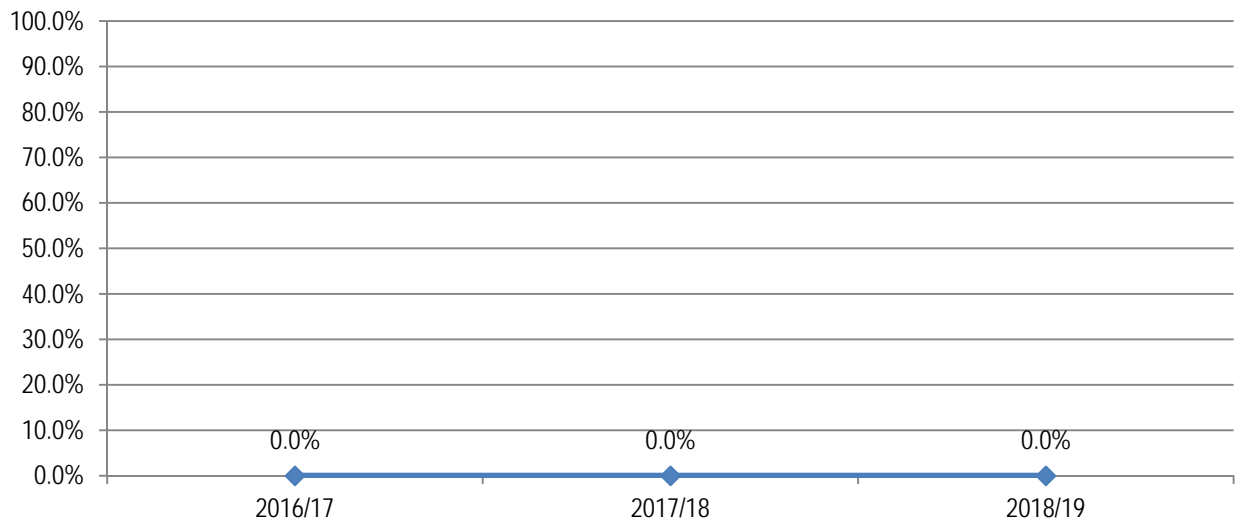
## Debt Coverage



Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

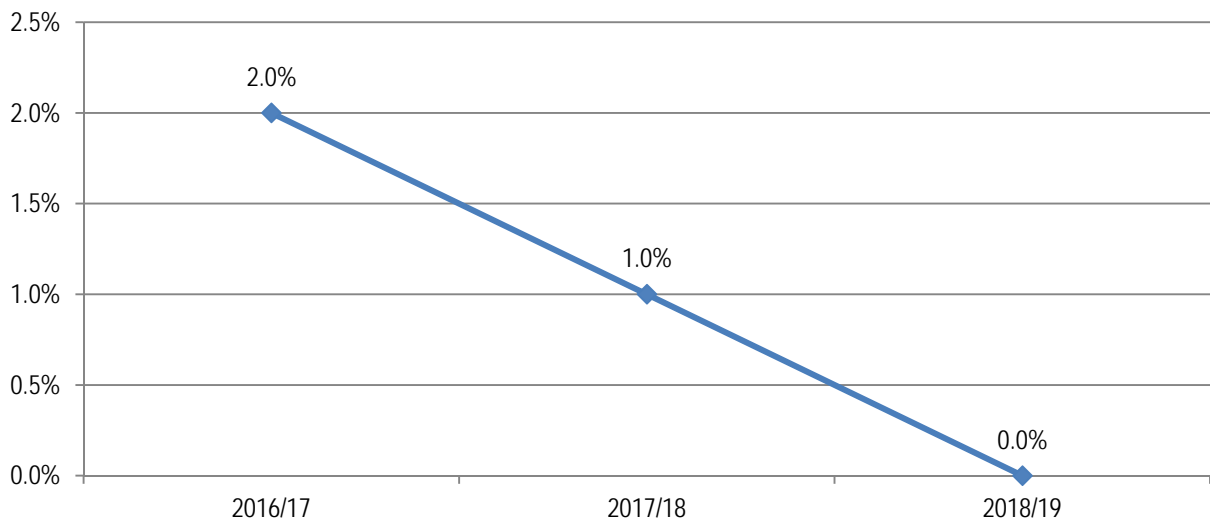
Data used from MBRR SA8

## Total Outstanding Service Debtors



Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

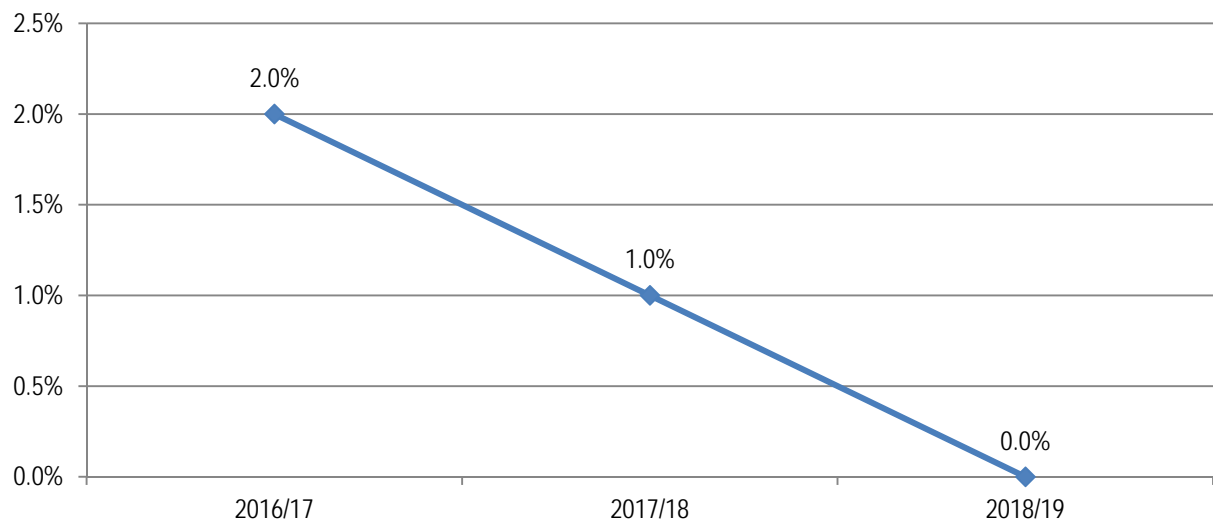
## Capital Charges to Operating Expenditure



Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

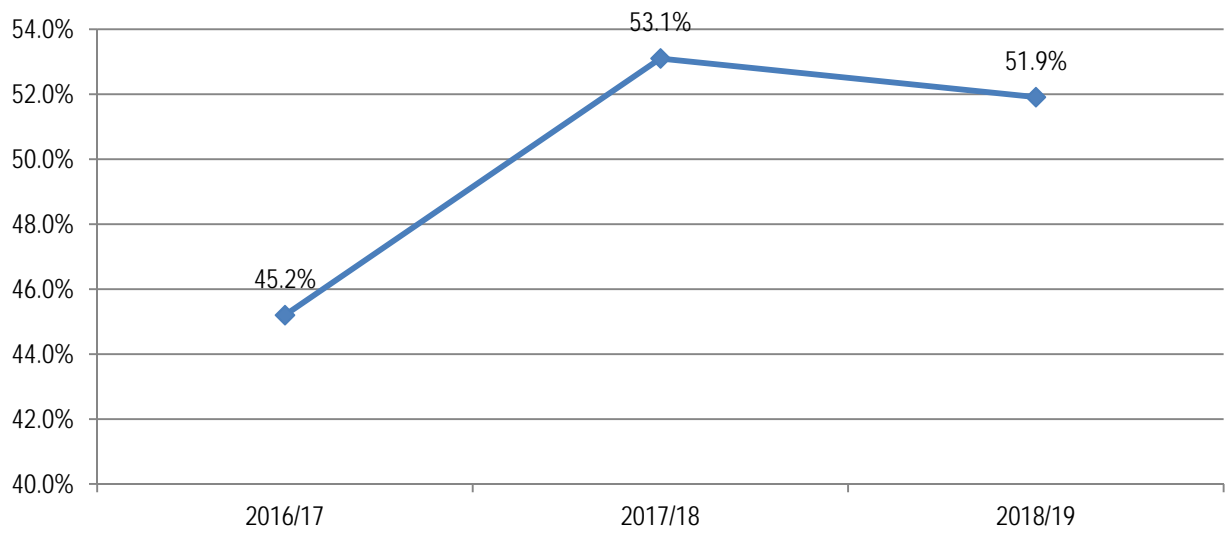
## Capital Charges to Operating Expenditure



Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

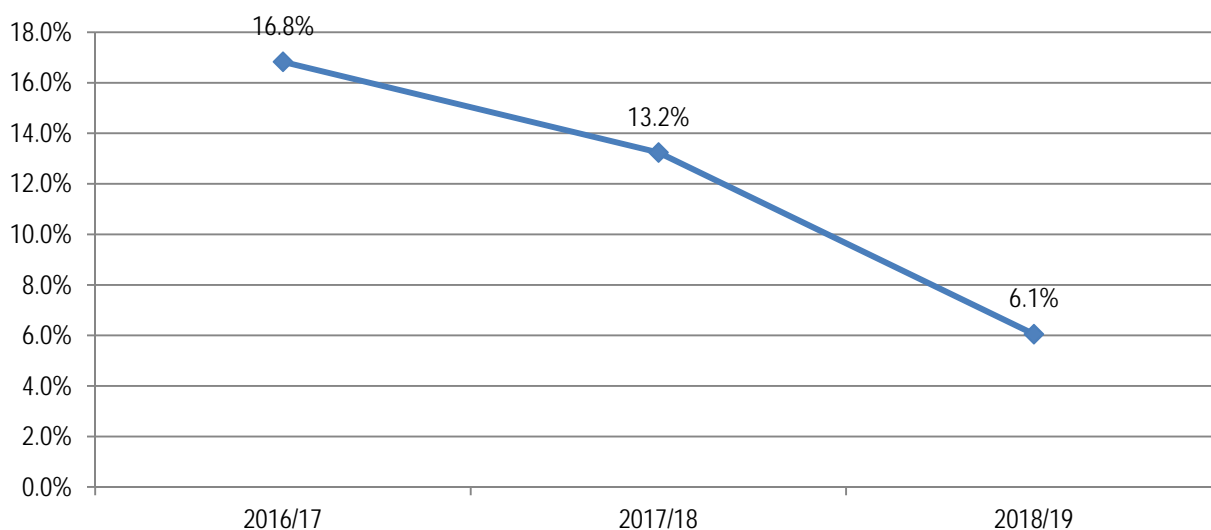
## Employee Costs



Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

## Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

### 5.4.9 COMMENT ON FINANCIAL RATIOS:

#### **Liquidity Ratio**

This ratio provides an indication of the municipality's ability to pay its short term debts in the short-term (viability of an entity). These ratios focus on current assets (debtors, bank and cash, inventory) and current liabilities (trade and sundry creditors, provisions, accruals). In the current year, the municipality's ratio has increased from 0.4 to 1.2, which is a positive sign. The municipality has to maintain this ratio above 1.

#### **Cost coverage**

The cost coverage is calculated as available cash plus investments divide by monthly fixed operational expenditure. The municipal budget reporting regulations table for 2018/19 shows the coverage ratio at 1.3, this indicates that the municipality had sufficient reserves to meet its fixed monthly operational costs for the 1 month that clearly indicates the dependence on grants.

#### **Total outstanding service debtors**

This ratio measures how much money is owed by the consumers on services provided by the municipality. The municipality only provides refuse removal. The percentage of 0% indicates that the municipality is very slow in progress in terms of debt collection against the billed amount

#### **Debt coverage**

The municipality has a low debt coverage rate of 0.7, which indicates that it does not generate sufficient own revenue to cover its own operational costs.

### **Creditors system efficiency**

The municipality is developing systems in place to ensure that the creditors are paid within 30 days on receipt of valid invoice. This has led to a 90% improvement in the payment rate and the reduction in the creditors balance at year end.

### **Capital charges to Operating Expenditure**

The rate is low because the municipality did not have capital loans and the interest incurred was on late payment of creditors.

### **Employee costs**

The rate of 51.9% is lower than the previous year of 53.1%, because the municipality had many vacant positions that were budgeted for but that were never filled. There were no vacancies at Senior Management Level, which became vacant in the current year but were not timeously filled leading to a reduction in the rate

### **Repairs and maintenance**

The rate of repairs and maintenance has declined due to projected not completed during the year on the maintenance of access roads and budget constraints.

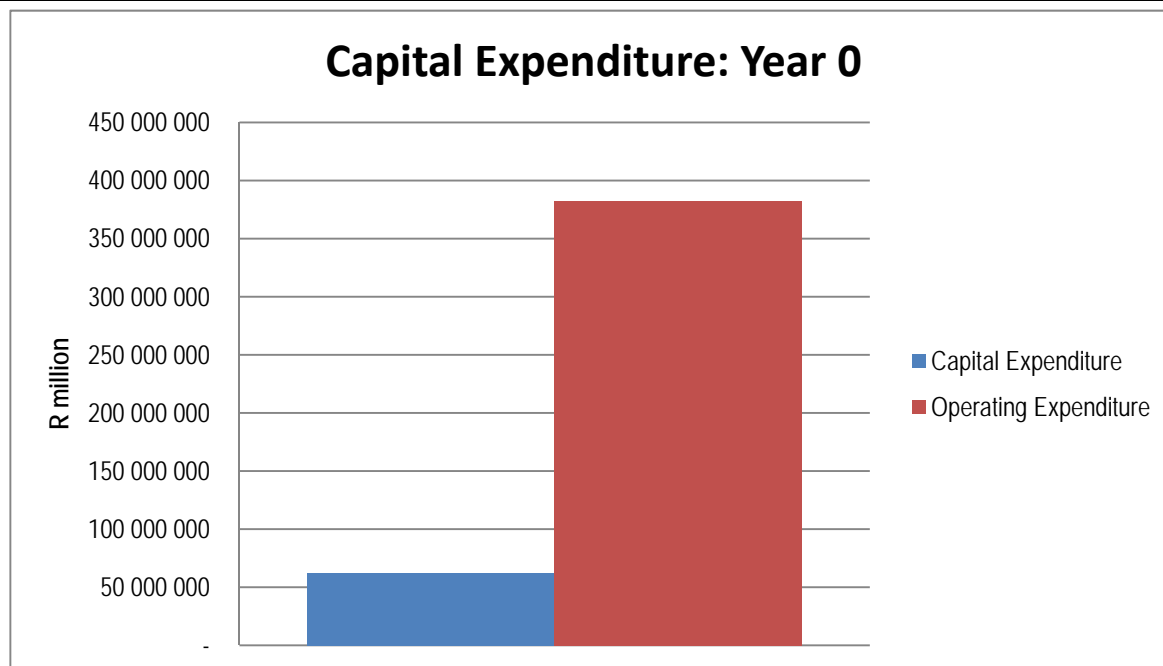
## **COMPONENT B: SPENDING AGAINST CAPITAL BUDGET**

### **INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET**

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. In this component it is important to indicate the different sources of funding as well as how these funds are spend. Highlight the 5 largest projects (see T5.7.1) and indicate what portion of the capital budget they use. In the introduction briefly refer to these key aspects of capital expenditure (usually relating to new works and renewal projects) and to **Appendices M** (relating to the new works and renewal programmes), **N** (relating to the full programme of full capital projects, and **O** (relating to the alignment of projects to wards).



## 5.5 CAPITAL EXPENDITURE



5.6

## 5.6 SOURCES OF FINANCE

Capital Expenditure-Funding Sources Year-1 to Year 0							
		Year -1	Year 0			Year 0 Variance	
Details		Actual	Original Budget(OB)	Adjustments Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Source of Finance							
	External Loans	-	-	-	-	0%	0%
	Public contributions and donations	-	-	-	-	0%	0%
	Grants and subsidies	61,985,800	62,877,846	63,057,845	68,935,067	0%	-10%
<b>Total</b>		<b>61,985,800</b>	<b>62,877,846</b>	<b>63,057,845</b>	<b>68,935,067</b>	<b>(0.00)</b>	<b>(0.10)</b>
Percentage of finance							
	External Loans	-	-	-	-	0%	0%
	Public contributions and donations	-	-	-	-	0%	0%
	Grants and subsidies	100%	100%	100%	100%	100%	100%
	Other	0%	0%	0%	0%	0%	0%
Capital Expenditure							
	Water and Sanitation	-	-	-	-		
	Electricity	-	-	-	-		
	Housing	-	-	-	-		
	Roads and Streets	61,985,800	62,877,846	63,057,845	68,935,067	0%	-10%
<b>Total</b>		<b>61,985,800</b>	<b>62,877,846</b>	<b>63,057,845</b>	<b>68,935,067</b>	<b>0%</b>	<b>-10%</b>
Percentage of expenditure							
	Water and Sanitation	0%	0%	0%	0%	0%	0%
	Electricity	0%	0%	0%	0%	0%	0%
	Housing	0%	0%	0%	0%	0%	0%
	Roads and Streets	100%	100%	100%	100%	100%	100%

## 1.7 CAPITAL SPENDING ON 5 LARGE PROJECTS

## 1.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS-OVERVIEW

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### 5.9 CASH FLOW

#### INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The municipality's consistently strong liquidity profile over the past few years reflects a viable administrative system geared towards fiscal discipline despite challenges associated with the collection of revenues. The municipality prepares highly informative and comprehensive annual financial statements, including a balance sheet that is independently audited by the Auditor General. The municipality received an unqualified audit opinion for the financial year ended 30 June 2019. There were no material qualifications that affect the cash flow of the municipality.

### 5.10 BORROWING AND INVESTMENTS

#### INTRODUCTION TO BORROWING AND INVESTMENTS

#### COMMENT ON BORROWING AND INVESTMENTS:

The municipality did not have borrowings in the 2018/19 financial year.

#### Investment profile

The municipality has short term investments with different banks. This is under cash and cash equivalents under the AFS note 5.

Municipal and Entity Investments			
			R' 000
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
<b>Municipality</b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits – Bank	13 823 935	6 069 682	17 306 047
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit – Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements – Banks			
Municipal Bonds			

Other			
<b>Municipality sub-total</b>	0	0	0
<b><u>Municipal Entities</u></b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits – Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit – Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements – Banks			
Other			
<b>Entities sub-total</b>	0	0	0
<b>Consolidated total:</b>	0	0	0
			<i>T 5.10.4</i>

#### 5.11 PUBLIC PRIVATE PARTNERSHIP

The municipality does not have any Public Private Partnerships during the 2018/19 financial year

### COMPONENT D: OTHER FINANCIAL MATTERS

#### 5.12 SUPPLY CHAIN MANAGEMENT

##### SUPPLY CHAIN MANAGEMENT

Section 3(1)(b) and (c) of the SCM Regulations states that the accounting officer of a municipality must at least annually review the implementation of the SCM policy and when necessary submit proposal for the amendment of the policy to council.

Section 117 of the MFMA states that: “No councilor of any municipality may be a member of a municipal bid committee or any other committee evaluating or approving tenders, quotations, contracts or other bids, not attend any such meeting as an observer.” The Accounting Officer established a committee system that is consistent with the MFMA and Municipal SCM Regulations for competitive bids consisting of:

- A bid specification committee
- A bid evaluation committee

- A bid adjudication committee

Chapter 6 of the Municipal Regulations on Minimum Competency Levels states that: "The accounting officer and any other official of a municipal entity involved in the implementation of the SCM Policy of the municipal entity must generally have the skills, experience and capacity to assume and fulfil the responsibilities and exercise the functions and power in respect of Supply Chain Management." The regulations indicate the minimum competency levels for Heads and Managers in Supply Chain Management and Supply Chain Management Practitioners.

Supply Chain Management is centralized and situated in the Budget and Treasury Department with 5 permanent staff members, 1 of them has completed the minimum competency requirements, whilst 4 are in the final stages of meeting these competencies

### 5.13 GRAP COMPLIANCE

#### GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

The municipality is yet to achieve full compliance with GRAP but notable strides have been made as captured in the Audit Action Plan. Material misstatements were identified by the Auditor-General that were subsequently corrected, leading to the Annual Financial Statements receiving an emphasis of matter in the audit report.

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA S45 states that the results of performance measurement... must be audited annually by the Auditor-General.

### COMPONENT A: AUDITOR GENERAL OPINION OF FINANCIAL STATEMENT Year -1 2017/18

#### OPINION

##### Opinion

1. I have audited the financial statements of the Mphashe Local Municipality set out on pages ... to ... , which comprises the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mphashe Local Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with South African Standards of

Generally Recognized Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (Dora).

## 6.2: AUDITOR-GENERAL REPORT 0 (2018/19)

### COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (2018/19)

#### Report of the auditor-general to Eastern Cape Provincial Legislature and council of Mbhashe Local Municipality

##### Report on the audit of the financial statements

##### Opinion

1. I have audited the financial statements of the Mbhashe Local Municipality set out on pages ... to ..., which comprise statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets. Cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mbhashe Local Municipality as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act of South Africa (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (DoRA).

##### Basis of opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants'

*International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

## Emphasis of matters

5. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## Restatement of corresponding figures

6. As disclosed in note 36 to the financial statements, the corresponding figures for 30 June 2018 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2019.

## Impairment loss – Consumer debtors

- 7 As disclosed in note 11 to the financial statements, material impairments of R20 million (2018: R21 million) were incurred as a result of a provision for impairment of irrecoverable consumer debtors from exchange and non-exchange transactions.

## Other matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

## Unaudited disclosure notes

9. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

## Responsibilities of the accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the MFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting officer is responsible for assessing the Mphashe Local municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

## Auditor-general's responsibilities for the audit of the financial statements

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected



development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

15. My procedures address the reported performance information, which must be based on the approved performance planning documents of the local municipality. I have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the local municipality for the year ended 30

June 2019:

Development priority

Pages in the annual  
performance report

18–25

KPA 2 -Service Delivery and Infrastructure

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

18. The material findings in respect of the usefulness and reliability of the selected development priority are as follows:

## KPA 2 – Service Delivery and Infrastructure

### Usefulness

#### Disagreement misstatements

19. The following combined performance targets are not specific as to which performance indicator they relate to

SD 1.1.1 Number of Kms of gravel roads constructed (Wards 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100)	SD 1.1.1 Number of Kms of gravel roads constructed (Wards 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100)			0
SD 1.1.3 Number of site re-establishment (Tayi to Qwili)	SD 1.1.3 Number of site re-establishment (Tayi to Qwili)	and earthworks	and earthworks	0
SD 1.1.4 Number of site re-establishment (Nohesha to Matyhama)	SD 1.1.4 Number of site re-establishment (Nohesha to Matyhama)	completed	completed	0
SD 1.4 Number of stormwater facilities upgraded (Culverts)	SD 1.4 Number of stormwater facilities upgraded (Culverts)	20 storm water culverts and channels	20 storm water culverts and channels	10

upgraded (Channels)	SD 1.4.1 Number of stormwater facilities upgraded (Channels)			14
---------------------	--	--	--	----

### Limitation misstatements

20. I was unable to obtain sufficient appropriate audit evidence to support the measures taken to improve performance against target on the listed below indicators as reported in the annual performance report. This was due to limitations placed on the scope of my work. I was unable to confirm the reported measures taken by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported measures taken to improve performance.

Indicators	Planned targets per the SDBIP	Planned targets per APR	Reported actual per APR
SD1.7.2 Number of formal bridges constructed at Manggosini	SD1.7.2 Number of formal bridges constructed at Manggosini	1	0
SD1.14.2 Number of community facilities provided with equipment	SD1.14.2 Number of community facilities provided with equipment	2	0
SD1.17 Number of boreholes constructed in	SD1.17 Number of boreholes constructed in	1	0
SD 1.23 Number of dumpsites rehabilitated in Ward 1 and 25.	SD 1.23 Number of dumpsites rehabilitated in Ward 1 and 25.	2	0
SD1.13.2 Number of Sports fields constructed at	SD1.13.2 Number of Sports fields constructed at	1	0

## Reliability

### Disagreements misstatements

The reported achievement in the annual performance report did not agree to the supporting evidence provided for the indicators listed below. The supporting evidence provided indicated that the achievements of these indicators were as follows:

SD 1.2 Number of layer works		
completed wards 1 to 32.	Laver works	Routine roads maintenance

SD1.1.4 Number of site re-establishment (Nohesha to Matvhama).

Site re-establishment

Construction of access roads

SD1.1.3 Number of site re-establishment (Tavi to Owili)

Site re-establishment

Construction of access roads

SD1.1.2 Number of sites re-established at ward 19 (Xhorha

Site re-establishment

Construction of access

Mouth to Ndalatha).

roads

### Other matter

21. I draw attention to the matters below.

## Adjustment of material misstatements

22. Identified material misstatements in the annual performance report submitted for auditing.

These material misstatements were on the reported performance information of Service Delivery and Infrastructure. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

## Report on the audit of compliance with legislation

### Introduction and scope

23. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
24. The material findings on compliance with specific matters in key legislations are as follows:

## Procurement and contract management

25. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).
26. The contract performance and monitoring measures and methods were not sufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.

## Annual financial statements and Annual Report

27. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets/ current assets/ liabilities/ revenue/ expenditure/ disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and, resulting in the financial statements receiving an unqualified audit opinion.

## Expenditure management

28. Money owed by the municipality was not always paid within 30 days period, as required by section 65(2)(e) of the MFMA.
29. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, as required by section 65(2)(b) of the MFMA.
30. Reasonable steps were not taken to prevent irregular expenditure amounting to R90,6 million as disclosed in note 40 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with BAC composition identified in the previous years for recurring contracts. Irregular expenditure amounting to R9.1 million was incurred on the Construction of Ward 2 Sports Facility (Ngumbela).
31. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R184 028, as disclosed in note 39 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest incurred on overdue accounts and penalties on late payments.

## Revenue management

32. An adequate management, accounting and information system which accounts for revenue was not in place, as required by section 64(2)(e) of the MFMA.

## Asset management

33. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

## Strategic planning and performance

34. The performance management system and related controls were not maintained or were inadequate as it did not describe how the performance planning, monitoring, measurement,

review, reporting and improvement processes should be conducted and organised and managed, as required by municipal planning and performance management reg 7(1 ).

## j Other information

35. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.
36. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
37. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
38. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## j Internal control deficiencies

39. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
- Leadership has not institutionalised all the disciplines necessary to enable oversight and monitoring to promote efficiency and effectiveness in financial and performance management and compliance with legislation. In addition, leadership did not implement and monitor the audit action plan and, as a result, numerous internal control deficiencies identified in the previous year re-occurred in the current year.



- The municipality did not have an effective records management system in place to enable reliable reporting on financial and performance information. The lack of daily, weekly and monthly financial discipline and monitoring throughout the financial year resulted in a large number of reconciliations, journals and corrections being performed after year-end.
- The internal audit was not provided the necessary support by management to provide assurance on internal controls. Subsequently, the audit committee did not discharge its legislated mandate effectively.

## j Other reports

40. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
41. The municipality is under investigation by the Special Investigations Unit, as per Proclamation No.9 of 2018 issued by the President of the Republic of South Africa, no final report has been issued.

*Auditor - General*

East London

30 November 2019



AUDITOR - GENERAL  
A1

SOUTH  
AFRICA

*Auditing to build public  
confidence*

## Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected development priorities and on the municipality's compliance with respect to the selected subject matters.

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
3. identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
4. obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
5. evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
6. conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease continuing as a going concern

7. evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
8. obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit.  
  
I remain solely responsible for my audit opinion

### **Communication with those charged with governance**

9. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



# MBHASHE LOCAL MUNICIPALITY

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454 Streatfield Street, Dutywa, Eastern Cape Province

10. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

## COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The CFO states that these data set have been returned according to the reporting requirements.

Signed (CFO).....Date

## GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.



# MBHASHE LOCAL MUNICIPALITY

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454 Streatfield Street, Dutywa, Eastern Cape Province

<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General Key performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a



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	presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>



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## APPENDICES

### APPENDIX A- COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance						
Nr	Council Members	Full Time / Part Time (FT/PT)	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non attendance
					Nr	Nr
1	Rulumeni P	P/T	Developmental Planning	ANC	100%	-
2	Kwedinana	P/T	Community services	ANC	99%	1%
3	Sangqu	P/T	Infrastructure	ANC	100%	-
4	Kalityi SD	F/T	MPAC	ANC	100%	-
5	Sogayise	P/T	Ethics	ANC	99%	1%
6	Mamba P	P/T	Community Services	ANC	98%	2%
7	Nqwena	P/T	MPAC	ANC	97%	3%
8	Mwahla S	PT	Developmental Planning	ANC	98%	2%
9	Jamnda B	P/T	Community services	ANC	98%	2%





# MBHASHE LOCAL MUNICIPALITY

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454 Streatfield Street, Dutywa, Eastern Cape Province

10	Soshankane	P/T	Finance & Admin	ANC	96%	4%
11	Mbane N.E	P/T	Finance & Admin	ANC	95%	5%
12	Peter M	P/T	Developmental Planning & WHIPS	ANC	96%	4%
13	Bungu P	P/T	Developmental Planning	ANC	97%	3%
14	Tshika T	P/T	Community Services	INDP	95%	5%
15	Mantshingilane S	P/T	Finance and Admin & Whips	ANC	93%	7%
16	Namba W	P/T	MPAC	ANC	98%	2%
17	Makeleni	P/T	MPAC	ANC	99%	1%
18	Mahobe	P/T	Community Services	ANC	97%	3%
19	Sicengu S.D	P/T	Finance & Admin	ANC	98%	2%
20	Sitwayi T.S	P/T	MPAC	ANC	99%	1%
21	Mrobo	P/T	MPAC	ANC	99%	1%
22	Ndinisa S	P/T	whips	ANC	96%	4%
23	Mantshiyose L	P/T	Infrastructure	ANC	96%	4%
24	Matiwane V	P/T	MPAC	ANC	96%	4%
25	Magatya N	P/T	MPAC	Independent	96%	4%
26	Sirunu Ntanga N.B	P/T	Finance and Admin & whips	ANC	96%	4%
27	Mboxela	P/T	Infra & Finance and Admin	ANC	100%	-
28	Tyali N.A	P/T	Infrastructure	ANC	100%	-
29.	Dlova S.	P/t				
	Deceased June 2018		Infrastructure	ANC	54%	8%



# MBHASHE LOCAL MUNICIPALITY

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454 Streatfield Street, Dutywa, Eastern Cape Province

30	Kondile. P	P/T	Planning and Development	ANC	99%	1%
31	Ncethani .N	P/T	MPAC	ANC	99%	1%
32	Genyane C	P/T	Community services	ANC	98%	2%
33	<b>Majavu B /Speaker</b>	F/T	Rules/Public Participation com	ANC	98%	2%
34	<b>Sibingibingi</b>	F/T	Whips	ANC	100%	-
35	Mkhedamo N.W	F/T	Infrastructure	ANC	98%	2%
36	Baleni	P/T	Infrastructure	ANC	96%	4%
37	Mlandu N.M	P/T	Planning and Development	ANC	99%	1%
38	Nyalambisa	P/T	Infrastructure	ANC	96%	4%
39	Ganda. N	P/T	Finance & admin	ANC	100%	-
40	Siswana. B	P/T	Planning and Development	ANC	99%	1%
41	Willie X.O	F/T	Admin and Finance	ANC	99%	1%
42	Nkomonye. N	P/T	Community services	ANC	98%	2%
43	Ngomthi. N.N	F/T	LLF& Training com	ANC	100%	-
44	Makapela MK	P/T	Ethics & Members Interest	ANC	100%	-
45	Tyodana X M	P/T	Women's Caucus	ANC	98%	2%
46	Janda S.N- Mayor	P/T	Mayoral Committee	ANC	97%	3%
47	Mcotsho MM	F/T	Infrastructure	ANC	99%	1%
48	Livi S C	F/T	MPAC	ANC	100%	-
49	Mbomvu	F/T	Community Services	ANC	97%	3%
50	Bhele. M	P/T	Whips	UDM	98%	2%



# MBHASHE LOCAL MUNICIPALITY

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454 Streatfield Street, Dutywa, Eastern Cape Province

51	Tetyana M	P/T	Developmental Planning	UDM	96%	4%
52	Tyelingane N	P/T	Community Services	UDM	97%	3%
53.	Takani M	P/T	Infrastructure	UDM	99%	1%
54	Mahlathi N	P/T	Finance and Admin	UDM	97%	3%
55	Matiti L	P/T	Basic Service Delivery	UDM	96%	4%
56	Solontsi M W	P/T	Good Governance & Public Participation	UDM	98%	2%
57	Msindwana	P/T	MPAC	UDM	96%	4%
58	Ndlodaka N	P/T	Municipal Transformation & Institutional Dev.	UDM	99%	1%
59	Goniwe-Mafanya T	P/T	Municipal Financial Viability	DA	97%	3%
60	Tshaka M	P/T	Local Economic Development	DA	100%	-
61.	Mdikinda S	P/T	Municipal Financial Viability	EFF	98%	2%
62	Tafeni N	P/T	Municipal Transformation & Institutional Dev.	EFF	99%	1%
63	Jafta M S	P/T	Local Economic Development	COPE	95%	5%
<b>Traditional Leaders serving in the municipal council</b>						
64	Ntlokondala S	P/T	Local Economic Development	Chief	98%	2%
65	Mtwesi L	P/T	Basic Service Delivery	Chief	100%	-
66	Nyendane S	P/T	Municipal Transformation & Institutional Development	Chief	100%	-



# MBHASHE LOCAL MUNICIPALITY

**All correspondence to be directed to the office of the Municipal Manager**

454 Streatfield Street, Dutywa, Eastern Cape Province

67	Sofika N	P/T	Good Governance & Public Participation	Chief	99%	1%
68	Ngubechanti N	P/T	Municipal Transformation & Institutional Development	Chief	98%	2%
69	Dudumayo A	P/T	Municipal Financial Viability	Chief	99%	1%
70	Fudumele P	P/T	Good Governance & Public Participation	Chief	96%	4%
71	Zenani N	P/T	Good Governance & Public Participation	Chief	98	2%
72	Ndim F F	P/T	Basic Service Delivery	Chief	99%	1%
73	Salakuphathwa M W	P/T	Local Economic Development	Chief	93%	7%
74.	Masiko M N	P/T	Municipal Financial Viability	Chief	100%	-
75	Sigcawu N A	P/T	MPAC	Chieftains	100%	-

## APPENDIX B: COMMITTEES AND COMMITTEE PURPOSES

1. With due regard to the extent of the functions and powers of the municipality, the need for the delegation of those functions and powers in order to ensure efficiency and effectiveness in	The purpose of the committees is to assist the executive committee or Executive Mayor in terms of Section 80 of the Municipal Structures Act (Act No 117 of 1998)
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# MBHASHE LOCAL MUNICIPALITY

**All correspondence to be directed to the office of the Municipal Manager**

454 Streatfield Street, Dutywa, Eastern Cape Province

<p>performance and the available financial and administrative resources of the municipality to support a committee, the Council may, in terms of Section 80 of the Structures Act- establish one or more Committees</p> <p><b>Standing Committees:</b></p> <p>Municipal</p> <ul style="list-style-type: none"> <li>• Transformation and Institutional Development</li> <li>• Basic Service Delivery</li> <li>• Municipal Financial Viability</li> <li>• Local Economic Development</li> <li>• Good Governance and Public Participation</li> </ul>	
<p>2.The Rules Committee</p>	<ul style="list-style-type: none"> <li>• The purpose of the committee is necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers in terms of Section 79 of the Municipal Structures Act (Act No 117 of 1998)</li> <li>• To develop, formulate and adopt policy concerning the exclusive business of the Council including its proceedings, procedures, rules, orders and practices;</li> </ul>
<p>3. MPAC</p>	<ul style="list-style-type: none"> <li>• The purpose of the committee is necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers in terms of Section 79 of the Municipal Structures Act (Act No 117 of 1998)</li> <li>• To perform an oversight function on behalf of council, including, but not limited to, overseeing expenditure of public funds and the utilization of Council resources;</li> </ul>
<p>4. Women's Caucus</p>	<ul style="list-style-type: none"> <li>• Working towards profile building of women's councilors for effective capacity building.</li> <li>• Ensure gender mainstreaming and equity within municipal processes.</li> </ul>
	<ul style="list-style-type: none"> <li>• Re-affirm and strengthen partnership and networks that support women in local government and other spheres of government and civic society.</li> </ul>



# MBHASHE LOCAL MUNICIPALITY

**All correspondence to be directed to the office of the Municipal Manager**

454 Streatfield Street, Dutywa, Eastern Cape Province

	<ul style="list-style-type: none"> <li>Act as an advisory and consultative body for all women councilors raising and representing their interests within Municipal Council structures.</li> </ul>
5. Public Participation Committee	<ul style="list-style-type: none"> <li>To encourage active involvement of communities and community organizations in the affairs of the municipality;</li> <li>To ensure the consideration, monitoring and tracking of petitions lodged to the municipality;</li> <li>To ensure that timeous feedback is given to Petitioners;</li> <li>To ensure adherence to Community Complaints and Petitions Handling Policy; Public Participation Policy; Public Participation Strategy and communication strategy are in place</li> </ul>
6. Training & Equity Committee	The purpose of the committee is necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers in terms of Section 79 of the Municipal Structures Act (Act No 117 of 1998)
7. Whippers Committee	To discuss and process matters relating to political management of the institution
8. Local Labour Forum	The purpose of the committee is to strengthen the working relations between the employer and the employee
9. Audit Committee	The purpose of the committee is to function in line with section 166 of the Municipal Finance Management Act 56 of 2003
10. Risk Committee	The purpose of the committees is to assist the executive committee or Executive Mayor in terms of Section 80 of the Municipal Structures Act (Act No 117 of 1998)
11. IGR Forum	The purpose of the committees is to assist the executive committee or Executive Mayor in terms of Section 80 of the Municipal Structures Act (Act No 117 of 1998)
12. IDP, Budget & PMS Technical Steering Committee	The purpose of the committee to provide technical support towards assisting the Mayoral Committee in terms of Section 80 of the Municipal Structures Act (Act No 117 of 1998)
13. IDP, Budget & PMS Steering Committee	The purpose of the committees is to assist the executive committee or Executive Mayor in terms of Section 80 of the Municipal Structures Act (Act No 117 of 1998)
14. IDP, Budget & PMS Rep Forum	The purpose of the committees is to assist the executive committee or Executive Mayor in terms of Section 80 of the Municipal Structures Act (Act No 117 of 1998)

## APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Office of the Municipal Manager	Mxolelanisi Manxiwa), Ncebakazi Kolwane, Anele Mtyhida, Sisa Baliso
Developmental Planning	Lithalobom Qunta: Kayaletu Majavu
Infrastructure Services	Chuma Lusanda Makonza, Thulani Masangwana



# MBHASHE LOCAL MUNICIPALITY

**All correspondence to be directed to the office of the Municipal Manager**

454 Streatfield Street, Dutywa, Eastern Cape Province

Corporate Services	Nonzwakazi Hanise, Siyamthanda Mashologu
Financial Services	Vuyo Jam Jam, Ndoda Zibi
Community Services	Lungisa Bongo, Isaac Xolile Siguye

## APPENDIX D: FUNCTIONS OF MUNICIPALITY/ ENTITY

### Powers and Functions

The table below gives a list of our assigned powers and functions and also provides an analysis of our levels of capacity or gaps for undertaking our constitutional and legal mandate.

Functions of Mbhashe	Definition	Capacity to perform
<b>Air pollution</b>	The control and monitoring of air pollution that adversely affects human health or well-being or the ecosystems useful to mankind, now or in future.	No
<b>Beaches and Amusement facilities</b>	The area for recreational opportunities and facilities along the sea shore available for public use and any other aspect in this regard which falls outside the competence of the national and provincial government.	Yes
<b>Billboards and display of advertisements in public places</b>	Manage, facilitate and collect rentals from all billboards within the jurisdiction of Mbhashe Local Municipality.	Yes



# MBHASHE LOCAL MUNICIPALITY

**All correspondence to be directed to the office of the Municipal Manager**

454 Streatfield Street, Dutywa, Eastern Cape Province

<b>Building regulations</b>	Development of by-laws, enforcement of by-laws, approval of building plans according to National Building Regulations	Yes
<b>Cemeteries, funeral parlours and crematoria</b>	The establishment conduct and control of facilities for the purpose of disposing of human and animal remains.	Yes
<b>Child care facilities</b>	Facilities for early childhood care and development which fall outside the competence of national and provincial government	Yes
<b>Cleansing</b>	The cleaning of public streets, roads and other public spaces either manually or mechanically	Yes
<b>Control of public nuisance</b>	The regulation, control and monitoring of any activity, condition or thing that may adversely affect a person or a community	Yes
<b>Control of undertakings that sell liquor to the public</b>	The control of undertakings that sell liquor to the public that is permitted to do so in terms of provincial legislation, regulation and licenses , and includes an inspection service to monitor liquor outlets for compliance to license requirements in as far as such control and regulation are not covered by provincial legislation	Yes
<b>Disaster</b>	Responsible for the co-ordination of Disaster Management	Yes
<b>Facilities for the accommodation, care and burial of animals</b>	The provision of and/or the regulation, control and monitoring of facilities which provide accommodation and care for well or sick animals and the burial or cremation of animals, including monitoring of adherence to any standards and registration	Yes





# MBHASHE LOCAL MUNICIPALITY

**All correspondence to be directed to the office of the Municipal Manager**

454 Streatfield Street, Dutywa, Eastern Cape Province

	requirements and/or compliance with any environmental health standards and regulations	
<b>Fencing and fences</b>	The provision and maintenance and/or regulation of any boundary or deterrents to animals and pedestrians along streets or roads	No
<b>Firefighting Services</b>	Provision of firefighting services and resources	No
Housing	Facilitation of the Housing development, with key focus on beneficiary identification, town planning matters, building plans and stakeholder engagement	Yes
<b>Licensing of dogs</b>	The control over the number and health status of dogs through a licensing mechanism.	No
<b>Local sport facilities</b>	The provision, management and/or control of any sport facility within the municipal area.	Yes
<b>Local Tourism</b>	Tourism development and promotion	Yes
<b>Markets</b>	The establishment, operation, management, conduct, regulation and/or control of markets other than fresh produce markets including market permits, location, times, conduct etc.	No
<b>Municipal abattoirs</b>	The establishment conduct and/or control of facilities for the slaughtering of livestock.	No
<b>Municipal Airports</b>	Provision and management of facilities	No



# MBHASHE LOCAL MUNICIPALITY

**All correspondence to be directed to the office of the Municipal Manager**

454 Streatfield Street, Dutywa, Eastern Cape Province

<b>Municipal Health Services</b>	Water quality monitoring, food control, waste management, health surveillance of premises, surveillance and prevention of communicable diseases, vector control, environmental pollution control and disposal of the dead	No
<b>Municipal parks and recreation</b>	The provision, management, control and maintenance of any land, gardens or facility set aside for recreation, sightseeing and/or tourism and include playgrounds but exclude sport facilities.	Yes
<b>Municipal Planning</b>	The compilation and implementation of and Integrated Development Plan in terms of the Systems Act.	Yes
<b>Municipal Public Transport</b>	Provision of services and infrastructure and regulation of the passenger transport services	No
<b>Municipal Public Works</b>	Provision of community facilities other than schools and clinics	Yes
<b>Municipal Roads</b>	The construction, maintenance, and control of a road which the public has the right to and includes, in addition to the roadway the land of which the road consists or over which the road extends and anything on that land forming part of, connected with, or belonging to the road, and also, for purposes of a local municipality, includes a street in build-up areas.	Yes
<b>Pontoons and ferries</b>	Pontoons, ferries, jetties, piers and harbors, excluding the regulation of international and national shipping and matter related thereto, and matters falling within the competence of national and provincial governments	Yes



# MBHASHE LOCAL MUNICIPALITY

**All correspondence to be directed to the office of the Municipal Manager**

454 Streatfield Street, Dutywa, Eastern Cape Province

<b>Pounds</b>	The provision, management and control of any area /facility set aside by the municipality for the securing of any animal or object confiscated by the municipality	Yes
<b>Public Places</b>	The management, maintenance and control of any land or facility owned by the municipality for public use	Yes
<b>Storm water</b>	The management of systems to deal with storm water in built-up areas	Yes
<b>Street lighting</b>	The provision and maintenance of lighting for the illuminating of streets	Yes
<b>Street trading</b>	The control, regulation and monitoring of the selling of goods and services along a public pavement or road reserve	Yes
<b>Trading regulations</b>	The regulation of any area facility and/or activity related to the trading of goods and services within the municipal area not already being regulated by national and provincial legislation	Yes
<b>Traffic and parking</b>	The management and regulation of traffic and parking within the area of the municipality including but not limited to, the control over operating speed of vehicles on municipal roads.	Yes



# MBHASHE LOCAL MUNICIPALITY

All correspondence to be directed to the office of the Municipal Manager

454 Streatfield Street, Dutywa, Eastern Cape Province

## APPENDIX E: WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of quarterly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 1	<b>Ward Councillor</b> P. Rulumeni Joseph Nolvuyo, Jonga Nomadiya, Mniki Nomfusi, Wunguza Khululwa, Mabhele Luleka Margaret, Makwe Babalwa Ntombokuqala, Gqagqa Phindiwe, Kwatsha Dunyiswa, Nama Bulelwa Albertina, Nkwali Lindokuhle Tandisizwe.	Yes	0	0	0
ward 2	<b>Ward Councillor</b> VN Kwedinana Mfihlo Nomkhawuleli, Zekani Princess Nositi, Mdayidayi Nolivo, Ntlabati Nozuko, Jaza Sindiswa, Tutu Ntombifikile Victoria, Saki Mzikayise, Thobile Mathole, Mabi Zanele, Nolusapho Maphini .	Yes	0	1	0
ward 3	<b>W/Councillor</b> N Sangqu Nkohla Nomfezeko, Ncise Nomapelo Lucia, Mgushelo Yonela, Nobhalisa Nondumiso, Jamela Nomawetu, Ndzandzeka Noludwe, Roji Thabisa, Madlelana Ntombizodwa, Rafu Fundiswa, Zamatyala Nothusile.	yes	0	1	0
ward 4	<b>Ward Councillor</b> S. Kalityi Jingxeni Tsolwana, Pandle Khethiswa, Gxotani Zukisa,	yes	2	1	0



# MBHASHE LOCAL MUNICIPALITY

**All correspondence to be directed to the office of the Municipal Manager**

454 Streatfield Street, Dutywa, Eastern Cape Province

	Zwemu Akhona, Nonkwali Gcwanini Joseph, Saba Funeka, Ngcangca Nozukile, Xhelitole Nozuko, Potelwa Mayenzeke, Mfanyana Thobeka.				
ward 5	<b>Ward Councillor</b> NO Sogayise Damba Sifanele, Dayimani Bambelela, Majaca Nontobeko, Potelwa Mbongeni Maxwell, Somyala Mbulelo, Sikweyiya Nqaba, Mathebula Surprise Erickson, Gaqa Ziphilele, Cefa Andiswa, Mngambi Nzondelelo .	yes	0	1	0
ward 6	<b>Ward Councillor</b> P.Mamba Ngcana Novangeli, Glen Nokwakha, Pamla Nomalady, Mangxola Semcelile, Nkunzi Sibusiso, Zatu Bukelwa, Mtshotshisa Matemba, Ndinayo Khanyisani, Ncapayi Princess Vatiswa, Mkhono Nsixi Hendrick.	yes	3	1	0
ward 7	<b>Ward Councillor</b> N. Nqwena Dilayi Andiswa, Ndinisa Ndumiso, Jevu Nomfundo Veronica, Siyo Nolukholo, Bhidi Xolisa, Mkrokrelwa Nobesuthu, Ngcwembe Mthandazo, Sigqibo Lesley, Nokele No-Second Domakosi Princess, Joseph Phelandaba.	yes	0	1	0
ward 8	<b>Ward Councillor</b> S. Mwahla. Ngxoko Nowineti, Mavubengwana Calvin Tyhopho,	Yes	0	1	0
	Sigidi Siziwe, Magcweka Siphakaphaka, Mlenzana Mthwesi, Dyubele Vuyelwa, Nonkwenkwe Zola,				



# MBHASHE LOCAL MUNICIPALITY

**All correspondence to be directed to the office of the Municipal Manager**

454 Streatfield Street, Dutywa, Eastern Cape Province

	Ndabakanyise Nothayimile, Menziwa Siyabulela, Sigidi Mputumi.				
ward 9	<b>Ward Councillor</b> B Jamnda Matomane Tandiwe, Sigwayi Kungeka, Dangazele Gamalakhe Monwabisi, Mbeki Czarina Nolitha, Mdletye Ntombizanele, Mnci Nokwandisa, Papa Nolita, Ntamo Akhona, Finca Ngeniswa, Zoleka Bongiwe	Yes	0	0	0
ward 10	<b>Ward Councillor</b> LM Soshankane. Coki Ntombiyakhe, Mbawu Nomakwayi, Jembula Lejina, Rwayi Siyabulela, Nama Bukiwe, Sixinti Nzame William, Bomela Nomzi, Malgas Thandekile, Mlenga Madodandile, Malashe Mandisa,	Yes	0	1	0
ward 11	<b>Ward Councillor</b> N E Mbane, Ntantiso Nombulelo Beauty, Ngolothi Nonyusile, Mngesi Sydney Sibongile, Krishe Nolubapho Neliswa, Delani Mlungisi, Toto Bantubonke, Mjiwu Anelisa, Sityata Nokhanyiso Florence, Nkomonye Bongiwe Rita, Debese Elliot Nogcoloza.	Yes	0	1	0
ward 12	<b>Ward Councillor</b> M Peter Nzanzeka Sicelo, Mpuku Thandeka, Nkebese Ntomboxolo, Hagile Sheilla Nomzamo, Landu Fuziwe,	Yes	0	1	0
	Kebetu Ngxobololo Herman, Ngenelwa Nokonwaba, Letese Lindiwe, Fani Princess Nondwe, Mpuku Thandeka ,				



# MBHASHE LOCAL MUNICIPALITY

**All correspondence to be directed to the office of the Municipal Manager**

454 Streatfield Street, Dutywa, Eastern Cape Province

ward 13	<b>Ward Councillor</b> P. Bhungu Mlauli Ntobeko Wesley, Paji Wellington Gwanqana, Mswelanto William, Funda Ncedo, Zingweyi Phumza, Dwakasa Ondela Ophelia, Mgushelo Sihle, Yayo Nonezile, Mvuyo Nondaliso, Mntuwonke Nowethu .	yes	0	0	0
ward 14	<b>Ward Councillor</b> T Tshika Masiko Jeep, Gwada Zibekile, Qotyana Mzwabantu, Dase Nobuhle Emerentia, Mtshazi Nomalizo, Malgas Thokozile Sylvia, Cilo Mongezi, Mafenuka Mtobeli, Mpozolo Nontsasa, Mhlonyane Nomendu Margaret,	yes	0	1	0
ward 15	<b>Ward Councillor</b> S. Mantshingilane Ntongana Mfundisi, Damaneti Xolile, Faniso Mntunaye, Nqabeni Weleshe Victor, Joko Lumanyano, Blayi Nomsobo, Gongqo Mzawupheli, Nonkatha Lindeka, Mdabuka Siyabulela, Maphi Dan,	Yes	0	1	0
ward 16	<b>Ward Councillor</b> W. Namba Bomvu Nomvelwano, Isaacs Bradley Leonard, Dlandlu Nomfundo, Patience Nophathile, Dingekaya Tembeka, Bhungeni Lindiwe,	yes	0	1	0
	Mkhohliswa Sikhinci, Ngwenya Welcome, Thwethwa Nosakhele, Nomphe Neliswa, Mandlakapheli Siwowo,				



# MBHASHE LOCAL MUNICIPALITY

**All correspondence to be directed to the office of the Municipal Manager**

454 Streatfield Street, Dutywa, Eastern Cape Province

ward 17	<b>Ward Councillor</b> P. Makeleni Lolonga Phindile, Nameko Nomachule, Nzutha Thobeka, Manqaku Dumisani, Nqiningalo Velavela, Nkalweni Wiseman Sibongile, Hlonti Mzuzile, Mgxabayi Nolesini Xoliswa, Mgcineni Nomboniso, Mdyobe Liziwe .	yes	0	1	0
ward 18	<b>Ward Councillor</b> L. Mahobe Gwebityala Sikhosana, Loliwe Nomanelisi, Balindlela Nothemba, Balikulu Nobongile, Qaratana Nqozana, Zunguzane Albert Qumra, Mahlangu Mxolisi, Funda Nkosinathi, Xingile Noposile, Tsengwa Mkanyisi Ayanda.	yes	0	1	0
ward 19	<b>Ward Councillor</b> S.D.Sicengu  Tongwana Monwabisi, Somgidi Yandisa, Matyala Juda, Mkhefu Mbuyiseli, Sonwabo Mercy Sibundwana, Mtshiswa Buziwe, Banjwa Nosipo, Mbangasini Ntsikelelo, Nyalivani Thembile, Mziwembila Patiswa ,	Yes	0	1	0
ward 20	<b>Ward Councillor</b> T.S.Sitwayi Majambe Sindiswa, Nokholekile Makhwezi Nosiviwe, Fuku Mbukeli, Mthi Xoliswa, Ncatsha Xolelwa, Mabhenu Nyameka, Sunduza Mlulam,I Mdanda Dumisani, Xamba Sidima, Xelinto Bhoswana.	yes	0	1	0





# MBHASHE LOCAL MUNICIPALITY

**All correspondence to be directed to the office of the Municipal Manager**

454 Streatfield Street, Dutywa, Eastern Cape Province

ward 21	<b>Ward Councillor:</b> S. Mrobo Gobeni Sixolile, Macamba Menzezi, Ndlova Ndawoyethu, Ngqengqa Catherine Nomaka, Sotyatya Labourman Sobantu, Genuka Nomatshaka, Xubuzane Nolusano, Thole Gladman Malungelo, Jama Dreya Sibongile, Nothobile.Mirriam. Solontsi	yes	0	1	0
ward 22	<b>Ward Councillor:</b> S Ndinisa Ndesi Bulelwa Elsie, Delihlazo Zizo, Mpotya Zibonele, Nkohla Noziphiwo, Yoli Nonkqubela, Ntunja Khayaletu, Sidlanga Nompilo, Mthini Nompotisho Beauty, Nani Thandile, Somdaka Thelma ,	yes	1	1	0
ward 23	<b>W/Councillor</b> L. Mantshiyose Xam. Marasi, Nkope Nontimela, Ntlomelwana Vuyiswa, Zweni Ntomboxolo Christina, Nake Nonikile, Maranjana No-Olert Noluthando, Meje Ntombokuqala, Mngqenge Mandla, Mfama Cikizwa, Lwangu Siphokazi.	Yes	0	1	0
ward 24	<b>W/Councillor</b> V. Matiwane Dlongwana Nozuko Viginia, Xala Nowezile Theodorah, Vunguvungu Nopakamisa, Nduku Buyiswa, Mkiva Nonceba, Kalimashe Nozinzile, Rachel Qatu Gweba, Siqabu Siyabonga, Ndlebe Nomsa, Solontsi Nomsa .	Yes	0	1	0



# MBHASHE LOCAL MUNICIPALITY

**All correspondence to be directed to the office of the Municipal Manager**

454 Streatfield Street, Dutywa, Eastern Cape Province

Ward 25	<b>W/Councillor</b> N. Magatya Zitho Khenneth, Kasa Noludwe, Ngobo Akhona Raymond, Ngwaca Notwocent Patricia, Xapa Mnyamezeli, Mnwana Zimkhitha, Hlam Thandisizwe, Nombewu Zalisile, Mbiko Nonyameko Patience.	Yes	0	1	0
ward 26	<b>W/Councillor</b> N.B Sirunu- Ntanga Balindaba Mpumelelo Joker, Genyane Wilson, Mxhanywa Thembinkosi, Velaphi Steven, Nyathela Ntombizanele, Rangayi Nomabelu Pamela, Mhlabeni Nomasimpiwe, Genukile Neli, Lentaka Sandiswa, Mzwembila Phatiswa.	Yes	0	1	0
ward 27	<b>W/Councillor</b> N N Mboxela  Mgedle Nothemba, Gobi Jona Nomthandazo, Matu Kwedinana, Qunta Tamella, Lwazi, Daka, Mqinyana Nonkosiko, Qavane Skoki, Ncuthushe Nomabelu Florence, Ngcuthushe Florence, Ludidi Maxhoba.	Yes	0	1	0
ward 28	<b>W/Councillor</b> N.A.Tyali Nowewuse Lindile, Msaro Phumzile, Manyube Zodwa, Ndlelani Liziwe, Jayi-Jayi Noluthando, Kheyizana Lindelwa, Gquthani Notheko Thotywe, Makhwenkwe Zibete, Mendwana Kwayiyo, Maputuma Nowebile.	yes	0	1	0



# MBHASHE LOCAL MUNICIPALITY

**All correspondence to be directed to the office of the Municipal Manager**

454 Streatfield Street, Dutywa, Eastern Cape Province

ward 29	<b>W/Councillor S. Dlova</b> Sinani Busisiwe, Mayiji Philile, Majaza Vuyokazi, Somatika Orianda Nolundi, Bekameva Ntombizilungile, Nqulwana Nofanelekile, Mtyida Thembinkosi, Ndevu William Mziwonke, Ncumeza Pilisa, Ntloko Tryphina Nosango .	yes	0	1	0
ward 30	<b>W/Councillor P P Kondile</b> Mzikabawo. Amon. Mhaga, Patience. Nosicelo. Dyonas, Pokopiya Nolwando Victoria, Vululwandle Wiliam, Denisi Nondleko, Booi Lennox Zenzile, Mnukwa Nomazizi, Xola Ntombekaya Lillian, Sgobongo Zoleka Vivian, Mvandala Bongani .	Yes	0	1	0
ward 31	<b>W/ Councillor N. Ncethani</b> Makapela Mziwetemba Donald, Ludonga Lindela, Zolwana Monwabisi, Maqwelana Nomzamo, Sikiti Noxolo, Mhlanga Nokwakha, Majola Eric Phindile, Jojwana Chwayita, Tutu Nosipho, Tshayisa Mcoseleli	Yes	0	1	0
War 32	<b>W/Councillor C. Genyane</b> Dikilokhwe Laledle Mbhofithi Thethani Jwara Nontuthuzelo Ndayenjani Nokubonga Siloko Nozukile Mente Nosakhele Mabhovana Thandiwe Qhijana Ntombizandile Toyiya Lungile Nogingxa Nosakhele	Yes	0	0	0



# MBHASHE LOCAL MUNICIPALITY

**All correspondence to be directed to the office of the Municipal Manager**

454 Streatfield Street, Dutywa, Eastern Cape Province

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# MBHASHE LOCAL MUNICIPALITY

All correspondence to be directed to the office of the Municipal Manager

454 Streatfield Street, Dutywa, Eastern Cape Province

## APPENDIX F: WARD INFORMATION

Ward title: Ward Name Number					
		Capital Projects : Seven Largest in year 0			
No	Project Name and Details	Start Date	End Date		
1	Road Surfacing Dutywa	26 February 15	02 Febru		
2	Road Surfacing Xhorha	26 February 15	17 Nover		
3	Ndalatha- xora mouth	16 March 16			
4	Talimofu access road	18 February 16			
5	Nonkqubela access road	22 March 16	02 Febru		
6	Pewula access road	16 March 16			
7	Dutywa Community Hall	12 October 2016	06 June		
BASIC SERVICES PROVISION					
DETAILS		WATER	SANITATION	ELECTRICITY	REFU
Households with minimum service delivery		ADM	ADM	43694	22199
Households without minimum service delivery		ADM	ADM	16430	37925
Total House holds				60124	60124
TOP FOUR SERVICE DELIVERY PRIORITIES PER WARD					
NO	Priority Name and Details	Progress During Year 0			
1	Municipal Roads Constructed	154km			
2	Municipal Roads Maintained	691.2km			
3	Electrification (Grid Connections)	2661 Connections			
4	Electrification (Non Grid Connections)	3000 Connections			
5	Community Services infrastructure	4 community Halls			



# MBHASHE LOCAL MUNICIPALITY

All correspondence to be directed to the office of the Municipal Manager

454 Streatfield Street, Dutywa, Eastern Cape Province

## APPENDIX G: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

### CONSOLIDATED REPORT OF THE AUIT COMMITTEE TO THE COUNCIL OF MBHASHE MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2019

#### 1. LEGISLATIVE MANDATE

The Audit Committee is constituted in terms of sections 166(2) and 166 (6) (b) of the Municipal Finance Management Act, No. 56 of 2003 (MFMA) and Section 94 (7) of the Companies Act, No. 71 of 2008, as amended for Municipal Entities (Entities).

The Audit Committee is an independent advisory body which **must** advise the Council of Mbhashe local Municipality (Council), Accounting Officers, and the management staff of the Mbhashe Municipality (Municipality). It advises on matters relating to:

- Internal Financial Control;
- Internal Audit;
- Risk Management Processes;
- Financial Reporting;
- Performance Management;
- Governance;
- Compliance with Laws and Regulations; and
- Any other issues referred by the Municipality or its Entities.



# MBHASHE LOCAL MUNICIPALITY

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454 Streatfield Street, Dutywa, Eastern Cape Province

## 2. TERMS OF REFERENCE

The Audit Committee has adopted formal terms of reference, *hereafter referred to as the Audit and Performance Audit Committee Charter*. The Charter is presented at a formal meeting, deliberated upon and recommended for final approval by Council. The Audit Committee has executed its duties in accordance with the Charter during the financial year ended 30 June 2019.

## 3. COMPOSITION AND MEETINGS

- (a) In compliance with circular 65 of the MFMA, Mbhashe audit committee consists of at least three members as required. During council policy review, charter of the municipality was amended during 17/18 financial to reflect that, the quorum of members should be at least 50 percent (%) of the members instead of 50 plus one as it was previously indicated.

As per the schedule or plan, the following were applicable in the mandate of the committee:

- (i) The Audit Committee met at least more than 4 times to deal with matters relating to the financial year. They also manage to meet with the Mayoral Committee of the Municipality to discuss and resolve on the emerging risk that are facing the municipality.
- (ii) In addition, a meeting was held on 25 August 2018 in particular for the review of the unaudited annual financial statements before they were submitted to the Auditor-General of South Africa (AGSA) for auditing.
- (iii) Members managed to assist the municipality by identifying at least all the material issues that the municipality need to correct and adjust before the financial statements are submitted to Auditor General.
- (iv) For all the planned meeting for 18/19 financial year, Managers together with Senior Management attended Committee meetings by invitation. Also our stakeholders like Auditor General, Provincial Treasury and COGTA have standing invitees to our meetings.
- (v) Enterprise Risk Management Units and External and Internal Auditors have unrestricted access to the Audit Committee. The effectiveness of the Audit Committee as a whole and that of its individual members is assessed on an annual basis.
- (vi) During the financial year, one of the audit committee members Mr. Ngamela Pakade resigned as part of the committee for Mbhashe municipality due to other commitments. He was ~~appointed as an Accounting Officer to other municipality and since these two positions are very~~ challenging in nature he had to resign as an audit committee member. His resignation was tendered to the municipality on the 25 of March 2019.

- (b) The schedule of meetings and record of attendance by members is indicated below:



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454 Streatfield Street, Dutywa, Eastern Cape Province

- (i) Schedule of Audit Committee Meetings relating to financial year 01 July 2018 to 30 June 2019 and attendance of audit committee members.

## SCHEDULE OF MEETINGS ATTENDED BY THE AUDIT COMMITTEE MEMBERS

Name	Surname	Financial year	Total audit committee meetings	Total number of meetings attended
Mr. Samkelo	Mxunyelwa	2018/2019	6	6
Mr. Mawonga	Deliwe	2018/2019	6	6
Mr. Ngamela	Pakade	2018/2019	6	5

- (ii) Audit Committee qualifications and the status of their contracts to the municipality

## AUDIT COMMITTEE QUALIFICATIONS AND STATUS OF APPOINTMENT

Name	Surname	Designation	Qualifications	Status of contract	Commencement date	Expire
Mr. Samkelo	Mxunyelwa	Audit Committee Chairperson	Bachelor of commerce and Chartered Accountant(CA)	Active	01 July 2018	30 June 2021
Mr. Mawonga	Deliwe	Audit committee member	B-Arts	Active	01 July 2018	30 June 2021





# MBHASHE LOCAL MUNICIPALITY

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454 Streatfield Street, Dutywa, Eastern Cape Province

Mr. Ngamela	Pakade	Audit committee member	LLB	Resigned	Resigned	Resigned
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## 4. STATUTORY DUTIES ASSOCIATED WITH AUDIT COMMITTEE MEMBERS

Mbhashe audit committee members in the execution of its statutory duties during the past financial year, members believed that:

- (i) the appointment of the AGSA, complies with the requirements of the MFMA, the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA) and Public Audit Act of South Africa, 2004 (Act No. 25 of 2004 (PAA);
- (ii) In compliance with the act, audit committee managed to review annual external audit plan and the budgeted fee to be paid to the AGSA;
- (iii) Members considered management reports submitted by the Municipality to each meeting of the Audit Committee;
- (iv) Members reviewed the quality, adequacy, accuracy and reliability of financial information;
- (v) Members reviewed and discussed the audited Annual Financial Statements with the Auditor-General;
- (vi) Responded to any issues raised by Internal Audit and AGSA during the year;
- (vii) Reviewed factors impacting on the financial sustainability of both the Municipality
- (viii) Made submissions to the Executive Committee (MAYCO), and the Municipal Public Accounts Committee (MPAC), on any matters which in the opinion of the Audit Committee needed to be brought to the attention of the oversight structures, emanating from its quarterly meetings.

## 5. RISK MANAGEMENT AND GOVERNANCE

The Audit Committee has received assurance from Enterprise Risk and Advisory, Internal Audit, Performance Management, Provincial Treasury and the AGSA and satisfied itself that the following areas have been appropriately addressed with respect to the Municipality:

- (i) Internal financial controls;
- (ii) Compliance requirements;
- (iii) Financial reporting risks;
- (iv) Fraud risks as it relates to financial reporting;
- (v) IT Governance risks; and Legal Matters.

The Audit Committee believes that there is still room for improvement with regard to management, implementation and monitoring of the risk management to the municipality.



# MBHASHE LOCAL MUNICIPALITY

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454 Streatfield Street, Dutywa, Eastern Cape Province

## 5.1 Enterprise Risk Management

The following main activities were undertaken by the Audit Committee during the year:

- (i) Reviewed the quarterly management risk reports
- (ii) Progress on implementation of mitigations for strategic risks;
- (iii) Emerging and materialised risk identified;
- (iv) Other significant changes on the risks profile;

## 5.2 Recommendations:-

The Audit Committee recommends urgent intervention on:

- (I) The alignment of strategic municipal processes to ensure that the annual development of risk profile takes place during Strategic Planning, and is approved simultaneously with the Budget and Service Delivery and Budget Implementation Plan by MAYCO and Council.
- (II) The appointment of the Compliance Officer/Risk Officer by the municipality in order to ensure custody on the management of compliance risk and adherence to applicable laws and regulations.
- (III) The demonstration of active risk owner participation at operational levels and ongoing accountability for the management of risks at various risk governance structures.
- (IV) The development of risk appetite and tolerance levels is critical in yielding the value add and to drive focus to exposure areas that are outside defined risk acceptable levels for the municipality.
- (V) Define, quantify and implement risk appetite which will be supported by vigorous analysis, expert judgment and consistent with materiality and significance framework.

## 6. EFFECTIVENESS OF INTERNAL CONTROLS

During its meetings, as per its mandate reflected in the audit committee charter, the Audit Committee has managed to make the following reviews:

- (i) Reviewed adequacy and effectiveness of the Municipality's system of internal financial control, including receiving assurance reports from Management, Internal and External Audit, Legal and Compliance
- (ii) Reviewed the Municipality's approach on its exposure to the business and financial risks and whether processes are in place to safeguard the assets;
- (iii) Reviewed significant issues raised by the Internal and External Auditors;
- ~~(iv) Reviewed whether the financial systems can be relied upon in the preparation and presentation of financial statements;~~
- (v) Reviewed policies and procedures adopted for the prevention and detection of fraud;
- (vi) Reviewed significant legal exposures and pending cases;



# MBHASHE LOCAL MUNICIPALITY

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454 Streatfield Street, Dutywa, Eastern Cape Province

- (vii) Reviewed residual risks arising from Enterprise Risk Management risk registers and controls implemented to mitigate risk.
- (viii) Based on the processes and assurances obtained, we believe that the internal controls are effective in most areas, significant areas requiring improvements are addressed in the recommendations included in this report.
- (ix) The Audit Committee remains concerned about the long outstanding issue of filling the post for senior Internal Auditor and the position of the Risk or Compliance Officer.

## 7. STATUTORY COMPLIANCE

The Audit Committee Reviewed the effectiveness of the system for monitoring compliance with laws and regulations at the Municipality.

Has satisfied itself with the policies and processes implemented to provide the required assurance.

Audit Committee noted that the Municipality has developed a new Compliance Framework or policy that is under the Legal and Compliance Office. The policy or framework will work as a tool to ensure that all the relevant compliance issues including policies and procedures are available to the municipality and also to ensure that all those compliance policies are implemented and monitored regularly.

The framework has just adopted by the council in the year under review, major follow ups will be made in the next coming financial.

## 8. PERFORMANCE INFORMATION AND EVALUATION

The Audit Committee has reviewed performance information provided by the Municipality as well as Internal Audit reports at quarterly meetings throughout the year. Whilst the Audit Committee is satisfied with the information provided, it is important that the Key Performance Indicators (KPI's) are comprehensive and relevant to ensure that the Municipality is able to effectively measure and monitor the performance of the Municipality and to implement measures to improve performance where required.

**NB:** The alignment of the results from key performance Indicators with what can attest to as service delivery remains a challenge where in the year under review there was a challenge of land claims which emanates from the previous years. This had a negative impact in the service delivery as a result some of the projects were delayed/not implemented.

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Also it has been observed in a number of cases whereby even the Auditor General of South Africa highlighted the issue of reliability in the information (POE) submitted for audit purposes.



# MBHASHE LOCAL MUNICIPALITY

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454 Streatfield Street, Dutywa, Eastern Cape Province

## 8.1 Recommendations

The following recommendations were suggested to the management for consideration to improve performance to the municipality:

- (i) Constantly review of the performance management framework or policy that will be aligned with the IDP/SDBIP of the municipality for effective achievement of the municipality
- (ii) Repeated concern regarding the level of achievement of the organisational predetermined objectives has been expressed by the Audit Committee.
- (iii) The trend analysis reflects "stressed plans" which consistently failed on achievement of KPIs. Management has been requested to investigate the root causes for non- achievement.
- (iv) Proper monitoring and appropriate remedial action is advised.
- (v) The Audit Committee also raised concerns with the performance against targets set for service delivery programmes and advises that proactive measures be taken to remedy the situation including monitoring and reporting on the impact of the non-achievement of performance targets on the organisational risk profile.
- (vi) The Audit Committee also believes that consequence management for non-performance must be instituted as a matter of urgency in the municipality

## 9. EXTERNAL AUDIT (AGSA)

The Audit Committee reviewed the scope of the External Audit to ensure the critical areas within the Municipality are covered:

- (i) Reviewed the AGSA's report on issues arising out of the external audit and concurred with the clean audits/clean administration and unqualified with others matters for the Municipality; and
- (ii) On a continuous basis, monitored the continued relationship between AGSA, the Municipality and the Internal Audit Unit so as to not duplicate procedures.

**NB:** Based on processes followed and assurances received from the AGSA, nothing has come to the attention of the Audit Committee with regards to any matter impacting on the independence of the External Auditors.



# MBHASHE LOCAL MUNICIPALITY

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454 Streatfield Street, Dutywa, Eastern Cape Province

## 10. INTERNAL AUDIT

The Audit Committee has managed execute the following in regards to the internal audit unit:

- (i) Reviewed and approved the Internal Audit Plan and applicable policies like Internal Charter; Internal Audit Framework and Methodology
- (ii) Exercised its statutory duty of oversight over the internal audit function;
- (iii) Evaluated the independence, effectiveness and performance of the Internal Audit Unit in the fulfilment of its mandate;
- (iv) Satisfied itself that the Internal Audit function has the necessary resources, budget and authority to enable it to discharge its duties;
- (v) Reviewed and approved the Internal Audit Plan; and
- (vi) Encouraged co-operation between External and Internal Audit work.

A summary of the outstanding findings of all internal audits carried out by the unit during the year was reported quarterly. A consolidated report in as form of Internal Audit Tracker was presented to the management and to also to Audit Committee for consideration.

Audit Committee has noted that, there are still an element of not implementing hundred percent on the recommendations of the Internal Audit. The responses from the Management of the Municipality and its Entities to the internal audit findings were reviewed and where necessary corrective action was recommended and implementation monitored.

### 10.1 Recommendations:

The following are recommended to the management:

- (i) At least all the recommendations made by the internal audit should be implemented by the management so as to avoid unnecessary findings raised by auditor general (AGSA)
- (ii) Appointment of the Senior Internal Auditor to improve staff and skill in the unit should be considered
- (iii) Reasonable budget for the unit that will cover the issue of trainings



# **MBHASHE LOCAL MUNICIPALITY**

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454 Streatfield Street, Dutywa, Eastern Cape Province

## **11. AUDIT COMMITTEE RESOLUTION REGISTER AND ITS STATUS ON IMPLEMENTATION**

During audit committee discussions, it was distinguished that, there are issues discussed that are not necessary resolved during the meeting where an audit committee will need an update at a later stage. It was also established that, some of the issues are not always forms part of the discussion items during the meeting due to its nature. All of these issues are important and audit committee should be informed on a regular basis. This means therefore some of the issues reflected here as Audit Committee resolutions are not necessary the issues that were discussed during the audit committee but are issues brought to the attention of the AC for information purposes.

Based on the above observations, audit committee in agreement with the management resolved that, there should be a regular updates by the management to the audit committee about the issues reference above. This should be done for the purpose of effective communication with the management so as to understand and address risks that threatens the organizations in achieving its objectives.

Audit committee charter also allows the audit committee members to have authority and to obtain any information and advice, from within or outside the municipality or entity, in order to perform its functions as legislated. Further, the audit committee is not intended to perform any management functions or assume their duties.

The following table reflects all the resolution made by the audit committee to the management and its status for implementation:



# MBHASHE LOCAL MUNICIPALITY

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454 Streatfield Street, Dutywa, Eastern Cape Province

## STATUS ON THE RESOLUTIONS:

RESOLUTIONS	AFFECTED DEPARTMENT	IMPLEMENTED	NOT IMPLEMENTED	IN PROGRESS	PERCENTAGE ON IMPLEMENTATION	TOTAL
1	Infrastructure	1	-	-	100%	1
7	BTO	4	-	3	57%	7
3	Planning Development	1	-	3	33%	3
8	MM's Office	7	-	1	88%	8
1	Corporate Services	-	-	1	0%	1
TOTAL					56%	20



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454 Streatfield Street, Dutywa, Eastern Cape Province

## 14. APPRECIATION

The Audit Committee would like to express its gratitude to the Council, Accounting Officers for their co-operation and assistance during the year.

**Mr. S. Mxunyelwa**

Chairperson:

Audit Committee Chairperson





# MBHASHE LOCAL MUNICIPALITY

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454 Streatfield Street, Dutywa, Eastern Cape Province

## APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

NOT APPLICABLE

## APPENDIX I – MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE SCHEDULE

NOT APPLICABLE

## APPENDIX J – DISCLOSURES OF FINANCIAL INTEREST

### Disclosure by Councilors

MJ JAFTA	None
SD KALITYI	Yes
B SISWANA	Yes
B JAMNDA	Yes
XO WILLIE	None
M PETER	Yes
T TSHIKA	Yes
M MBOMVU	Yes
T MAFANYA	None
N MAGATYA	None
NN NDLODAKA	None



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454 Streatfield Street, Dutywa, Eastern Cape Province

M TETYANA	None
M TAKANI	Yes
XP BALENI	Yes
X TYODANA	None
MM MCOTSHO	Yes
N NCETANI	Yes
NM MLANDU	Yes
S NDINISA	Yes
P RULUMENI	Yes
V MATIWANE	Yes
KD MSINDWANA	Yes
ST SITWAYI	Yes
MK MAKAPELA	None
S MWAHLA	Yes
NB SIRUNU NTANGA	Yes
SC LIVI	Yes



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454 Streatfield Street, Dutywa, Eastern Cape Province

B MAJAVU	None
L MATITI	Yes
SN JANDA	Yes
NT TAFENI	None
N TYELINGANYE	Yes
S MANTSHINGILANE	Yes
S MDIKINDA	Yes
NM MKHEDAMO	Yes
M TSHAKA	Yes
PP KONDILE	Yes
C GENYANE	Yes
N GANDA	Yes
P BUNGU	Yes
M SIBINGIBINGI	Yes
M BHELE	None
L MAHOBE	Yes



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454 Streatfield Street, Dutywa, Eastern Cape Province

SD SICENGU	Yes
NE MBANE	Yes
P MAMBA	Yes
NO SOGAYISE	Yes
W NAMBA	Yes
N MAHLATHI	None
S DLOVA	Yes ( Deceased)
LL SANGQU	Yes
NN NGOMTHI	Yes
L MANTSHIYOSE	Yes
N NKOMONYE	Yes
N NQWENA	Yes
WM SOLONTSI	None
S MROBO	Yes
VN KWEDINANA	Yes
LM SOSHANKANE	Yes



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454 Streatfield Street, Dutywa, Eastern Cape Province

NN MBOXELA	Yes
N NYALAMBISA	None
NA TYALI	Yes
P MAKELENI	Yes

	OFFICIALS	
64	M NAKO	Yes
65	T. BACELA	Yes
66	X SIKOBI	Yes
67	Z. MSIPHA	Yes
68	MP NINI	Yes
69	A. MASHABA	Yes
70	N. MLUNGU	Yes

## APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

### ANNEXURE K1: REVENUE COLLECTION PERFORMANCE BY VOTE



# MBHASHE LOCAL MUNICIPALITY

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454 Streatfield Street, Dutywa, Eastern Cape Province

Revenue Collection Performance by Vote						
Vote Description	Year -1	Current: Year 0		Year 0 % Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
<b>R thousands</b>						
<b>Revenue by Vote</b>						
Vote 1 - Community and Social Services	1,244,767	1,000,000	1,500,000	654,943	34.51	56.34
Vote 2 - Energy Sources	-	8,946,000	8,946,000	8,946,000	-	-
Vote 3 - Environmental Protection	-	0	0	0	-	-
Vote 4 - Executive And Council	-	0	0	0	-	-
Vote 5 - Finance and Administration	241,909,976	251,726,000	255,726,000	248,158,258	1.42	2.96
Vote 6 - Health	-	0	0	0	-	-
Vote 7 - Housing	-	0	0	0	-	-
Vote 8 - Internal Audit	-	0	0	0	-	-
Vote 9 - Other	1,293,360	3,000,000	1,000,000	1,812,912	39.57	(81.29)
Vote 10 - Planning and Development	747,349	1,000,000	1,000,000	533,795	46.62	46.62
Vote 11 - Public Safety	-	0	0	0	-	-
Vote 12 - Road Transport	78,630,178	78,192,000	77,192,000	77,072,000	1.43	0.16
Vote 13 - Sports and Recreation	-	0	0	0	-	-
Vote 14 - Waste Management	356,514	1,300,000	1,300,000	582,033	55.23	55.23
Vote 15 - Water Management	-	0	0	0	-	-
<b>Total Revenue by Vote</b>	<b>324,182,145</b>	<b>345,164,000</b>	<b>346,664,000</b>	<b>337,759,941</b>	<b>2.15</b>	<b>2.57</b>

## ANNEXURE K2: REVENUE COLLECTION PERFORMANCE BY SOURCE



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454 Streatfield Street, Dutywa, Eastern Cape Province

Revenue Collection Performance by Source						
	Year -1	Current: Year 0		Year 0 % Variance		
Vote Description	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
<b>R thousands</b>						
<b>Revenue By Source</b>						
Property rates	9,693,917	5,700,000	5,700,000	11,396,251	-100	-100
Service charges - electricity revenue	0	0	0	0	0	0
Service charges - water revenue	0	0	0	0	0	0
Service charges - sanitation revenue	0	0	0	0	0	0
Service charges - refuse revenue	673,224	1,300,000	1,300,000	912,221	30	30
Service charges - other	0	0	0	0	0	0
Rental of facilities and equipment	3,312,764	5,600,000	6,100,000	2,380,605	57	61
Interest earned - external investments	2,496,712	4,000,000	3,000,000	3,252,067	19	-8
Interest earned - outstanding debtors	2,621,875	0	0	1,923,504	0	0
Dividends received	0	0	0	0	0	0
Fines, penalties and forfeits	2,497,708	3,000,000	1,000,000	2,272,080	24	-127
Licences and permits	1,293,360	3,000,000	2,000,000	735,331	75	63
Agency services	0	0	0	0	0	0
Transfers and subsidies: Operational	241,091,709	241,122,000	241,122,000	241,383,340	0	0
Other revenue	2,473,876	11,250,000	16,250,000	3,312,542	71	80
Transfers and subsidies: Capital	58,027,000	70,192,000	70,192,000	70,192,000	0	0
<b>Total Revenue (including capital transfers and contributions)</b>	<b>324,182,145</b>	<b>345,164,000</b>	<b>346,664,000</b>	<b>337,759,941</b>	<b>2</b>	<b>3</b>

## ANNEXURE L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
<b>Neighbourhood Development Partnership Grant</b>						



# MBHASHE LOCAL MUNICIPALITY

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454 Streatfield Street, Dutywa, Eastern Cape Province

<b>Public Transport Infrastructure and Systems Grant</b>						
<b>Equitable Share</b>	225 391 000	225 391 000	225 391 000	100%	100%	Payment of salaries and other municipal operations
<b>Other Specify:</b>				0%	0%	
<b>Finance Management Grant</b>	1 770 000	1 770 000	1 770 000	100%	100%	Capacity Building for Finance Officials and appointment of Interns and systems enhancement
<b>EPWP Incentive</b>	5 015 000	5 015 000	5 015 000	100%	100%	Capacity Building and employment growth
<b>Libraries</b>	500 000	500 000	159 888	68%	68%	Library operations
<b>Service SETA Grant</b>	100 000	100 000	101 452	-2%	-2%	Internship programmes
<b>Electrification</b>	8 946 000	8 946 000	8 946 000	100%	100%	Electrification of municipal wards
<b>Total</b>	241 722 000	241 722 000	241 383 340			

## APPENDIX M: CAPITAL EXPENDITURE- NEW & UPGRADE/ RENEWAL PROGRAMMES

Not Applicable

## APPENDIX N: CAPITAL PROGRAMM BY PROJECT YEAR 0

Not Applicable

## APPENDIX O: CAPITAL PROGRAMM BY PROJECT BY WARD YEAR 0

### Capital Programme by Project by Ward: Year 0

R' 000





# MBHASHE LOCAL MUNICIPALITY

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454 Streatfield Street, Dutywa, Eastern Cape Province

Capital Project	Ward(s) affected	Works completed (Yes/No)
<b>Water</b>		
"Project A"		
"Project B"		
<b>Sanitation/Sewerage</b>		
<b>Electricity</b>	23	No (under construction)
	27	No (under construction)
	14	No (under construction)
	23	No (under construction)
	27	No (under construction)
<b>Housing</b>		
Destitute housing	2,3,4,5,6,7,8,9,10,32	Yes
Destitute housing		Yes
<b>Refuse removal</b>	All Wards	Yes
<b>Stormwater</b>	01	Yes
	02	Yes
	13	Yes
	03	Yes
	15	Yes
	31	Yes



# MBHASHE LOCAL MUNICIPALITY

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454 Streatfield Street, Dutywa, Eastern Cape Province

	30	Yes
<b>Economic development</b>		
<b>Sports, Arts &amp; Culture</b>	13	No
	25	No
	02	No
	13	No
	25	No
	21	Yes
<b>Environment</b>		
<b>Health</b>		
<b>Safety and Security</b>	All Wards	Yes
<b>ICT and Other</b>		
TO		

## APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Not Applicable

## APPENDIX Q: SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION.

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)

Services and Locations

Scale of backlogs

Impact of backlogs



# MBHASHE LOCAL MUNICIPALITY

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454 Streatfield Street, Dutywa, Eastern Cape Province

<b>Clinics:</b>		
None		
<b>Housing:</b>		
Low Cost Houses in Gatyana	90 houses	Unhappiness and crime associated with unfinished houses
Xhorha rectification	292 houses	
<b>Licensing and Testing Centre:</b>		
Dutywa	1	Loss of revenue by the municipality.
<b>Reservoirs</b>		
None		
<b>Schools (Primary and High):</b>		
None		
<b>Sports Fields:</b>		
Gatyana	1(Still under construction	Delayed youth development

## **APPENDIX R: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY**

**None**

## **APPENDIX S: NATIONAL AND PROVINCIAL OUTCOME FOR LOCAL GOVERNMENT**

### **RE: REQUEST FOR THE CONSIDERATION OF KEY PERFORMANCE INDICATORS IN THE ANNUAL REPORT**

The following is the list of indicators that were agreed upon and on how the performance information should be populated:-

### **Chapter: Organisational Transformation and Institutional Development –KPA 1**



# MBHASHE LOCAL MUNICIPALITY

## Annual performance as per key performance indicators in municipal transformation and organizational development

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454 Streatfield Street, Dutywa, Eastern Cape Province

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	284	273	96%	
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	7	6	85%	
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	7	7	100%	
4	Percentage of Managers in Technical Services with a professional qualification	2	2	100%	



# MBHASHE LOCAL MUNICIPALITY

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454 Streatfield Street, Dutywa, Eastern Cape Province

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
5	Level of PMS effectiveness in the DM – (DM to report)				
6	Level of effectiveness of PMS in the LM – (LM to report)	The Municipality does have the Performance Management Framework in the financial year. After the consultation process the municipal council adopted the PMS framework in July 2017. The performance agreements were signed by all section 56 managers. The municipality implemented the PMS framework and the PMS reports were done for the year as prescribed by the legislation.			
7	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	275	275	100%	
8	Percentage of councillors who attended a skill development training within the current 5 year term	75	74	98,6%	



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454 Streatfield Street, Dutywa, Eastern Cape Province

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
9	Percentage of staff complement with disability	5	1	20%	
10	Percentage of female employees	275	129	46,9%	
11	Percentage of employees that are aged 35 or younger	275	123	44.7%	
12	Adoption and implementation of HRD Plan including WSP	30 April 2017	WSP 30 April 2017	100%	

## Chapter: Basic Service delivery performance highlights (KPA 2)

### Annual performance as per key performance indicators in water services

Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year



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454 Streatfield Street, Dutywa, Eastern Cape Province

1	Percentage of households with access to potable water	Not a WSA nor WSP				
2	Percentage of indigent households with access to free basic potable water	Not a WSA nor WSP				
3	Percentage of clinics with access to potable water	Not a WSA nor WSP				
4	Percentage of schools with access to potable water	Not a WSA nor WSP				
5	Percentage of households in formal settlements using buckets	Not a WSA nor WSP				



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454 Streatfield Street, Dutywa, Eastern Cape Province

## *performance as per key performance indicators in Electricity services*

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to electricity services	60124	11263	426	624	146%
2	Percentage of indigent households with access to basic electricity services					
3	Percentage of indigent households with access to free alternative energy sources	60124	8276	1000	1000	100%





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**Annual**

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454 Streatfield Street, Dutywa, Eastern Cape Province

## performance as per key performance indicators in sanitation services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to sanitation services	Not a WSA nor WSP				
2	Percentage of indigent households with access to free basic sanitation services	Not a WSA nor WSP				
3	Percentage of clinics with access to sanitation services	Not a WSA nor WSP				
4	Percentage of schools with access to sanitation services	Not a WSA nor WSP				

## Annual performance as per key performance indicators in road maintenance services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (Actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year



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454 Streatfield Street, Dutywa, Eastern Cape Province

1	Percentage of households without access to gravel or graded roads	58858	1266	60124	58858	98%
2	Percentage of road infrastructure requiring upgrade	1266	58858	1266	1266	100%
3	Percentage of planned new road infrastructure actually constructed	692		692	692	100%
4	Percentage of capital budget reserved for road upgrading and maintenance effectively used.	5247463		3347210	3347210	100%

## Annual performance as per key performance indicators in waste management services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under	Number of HH/customer reached	Percentage of achievement during the year



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454 Streatfield Street, Dutywa, Eastern Cape Province

				review		
1	Percentage of households with access to refuse removal services	60124	60124	60124	60124	100%
2	Existence of waste management plan	<b>IWMP was reviewed in the 2016/17 financial year.</b>				

## Annual performance as per key performance indicators in housing and town planning services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (Actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households living in informal settlements	910	None	None	None	0%
2	Percentage of informal settlements that have been provided with basic services	910	None	None	None	0%



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454 Streatfield Street, Dutywa, Eastern Cape Province

3	Percentage of households in formal housing that conforms to the minimum building standards for residential houses	Not known	N/A	N/A		0%
4	Existence of an effective indigent policy	The municipality is in the process of updating the Indigent Register.				
5	Existence of an approved SDF	2016 / 2017 approved reviewed SDF				
6	Existence of Land Use Management System (LUMS)	Zoning Plans, Transkei Town Planning Scheme and SPLUMA currently in use.				

## CHAPTER: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK- (KPA 3)

Annual performance as per key performance indicators in LED

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Existence of LED unit	None	N/A	N/A



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454 Streatfield Street, Dutywa, Eastern Cape Province

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
2	Percentage of LED Budget spent on LED related activities.	R5.5m	R4.7m	85%
3	Existence of LED strategy	Yes		
4	Number of LED stakeholder forum meetings held	3	3	100%
5	Plans to stimulate second economy	Yes	Yes	50%
6	Percentage of SMME that have benefited from a SMME support program	35	35 SMMEs	100%
7	Number of job opportunities created through EPWP	1540	1540	100%
8	Number of job opportunities created through PPP	None	55	100%



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Annual  
performance as  
per key  
performance  
indicators in  
financial viability

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454 Streatfield Street, Dutywa, Eastern Cape Province

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage expenditure of capital budget	38%	R 121 256 718	53%
		Target set for the year (35%) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the operational budget
2	Salary budget as a percentage of the total operational budget	46%	R 103 474 974	34%
		Target set for the year (20% or less) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the actual revenue
3	Trade creditors as a percentage of total actual revenue	2%	R 7 001 817	3%
		Target set for the year (80% and more) R(000)	Achievement level during the year R(000)	Achievement percentage during the year
4	Total municipal own revenue as a percentage of the total actual budget	23%	R 27 381 100	8%



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454 Streatfield Street, Dutywa, Eastern Cape Province

		Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
5	Rate of municipal consumer debt reduction	100%	R 8 420 772	41%
6	Percentage of MIG budget appropriately spent	100%	100%	100%
7	Percentage of MSIG budget appropriately spent	100%	100%	100%
8	AG Audit opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion
9	Functionality of the Audit Committee	Effective	Effective	Effective
10	Submission of AFS after the end of financial year	31 August 2017	31 August 2017	31 August 2017

## Chapter: GOOD GOVERNANCE AND PUBLIC PARTICIPATION- (KPA 5)

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	% of ward committees established	100%	100%	100%



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454 Streatfield Street, Dutywa, Eastern Cape Province

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
2	% of ward committees that are functional	95%	95%	95%
3	Existence of an effective system to monitor CDWs	The Municipality does not have the effective system to monitor the CDW as they are not directly reporting to the municipality, however there are sessions that are being held on a quarterly basis between the CDW, Ward Committees, Ward Councillors and COGTA public participation unit. This engagement session is trying to assist the municipality in bridging the gap between the municipality functioning and CDW reporting.		
4	Existence of an IGR strategy	The municipality developed an IGR Framework that was adopted by Council in 2016 that is fully implemented and used as the Terms of Reference for the IGR Forum.		
5	Effective of IGR structural meetings	The IGR structural meetings are effective. The municipality included all the scheduled dates of the IGR in the calendar of events of the municipality which was adopted by Council in May 2016. The sector departments are invited on time and some departments are consistently present in the meetings. The municipality also developed clusters aligned to the 5 KPAs which are reporting directly to the full IGR. However, there are still departments who are constantly not present, this has been uplifted to the District IGR and DIMAFO.		
6	Existence of an effective communication strategy	The municipality does have the communication strategy which was used in the financial year of 2015/2016. The reviewed communication strategy was drafted in March and presented in the Council workshop held in June 2016. The municipality is intending to review the communication strategy on a yearly basis.		





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454 Streatfield Street, Dutywa, Eastern Cape Province

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
7	Number of mayoral imbizos conducted	32 wards	3 (in all 3 units, all 32 wards participated)	100%
8	Existence of a fraud prevention mechanism	The municipality has developed a fraud prevention plan in the financial year under review.  Risk Management committee is in place, and is chaired by the independent person.		